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9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

10 **FOR THE COUNTY OF SAN BERNARDINO**

11
12 PRECIOUS SALGADO, individually, and on
13 behalf of other members of the general public
14 similarly situated, and as an aggrieved employee
pursuant to the Private Attorneys General Act
("PAGA"),

15 Plaintiff,

16 vs.

17 BLOOD BANK OF SAN BERNARDINO
18 AND RIVERSIDE COUNTIES, a California
corporation; and DOES 1 through 10, inclusive,

19 Defendants.
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Case No. CIVSB2305507

Assigned to the Hon. Jessica Morgan

**NOTICE OF MOTION AND MOTION FOR
COURT APPROVAL OF THE PAGA
SETTLEMENT; MEMORANDUM OF
POINTS AND AUTHORITIES IN SUPPORT**

Date: October 17, 2024

Time: 8:30 a.m.

Place: Department S26

Complaint Filed: February 27, 2023

Trial Date: None Set

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

2 **PLEASE TAKE NOTICE** that on October 17, 2024 at 8:30 a.m., or as soon thereafter as
3 counsel may be heard, in Department S26 of the above-captioned court, located at 247 W. Third St., San
4 Bernardino, California 92415, the Honorable Jessica Morgan presiding, Plaintiff Precious Salgado will,
5 and hereby does, move this Court for entry of an order and judgment approving the Parties' PAGA
6 settlement pursuant to Labor Code section 2699(l)(2).

7 This Motion is based upon: (1) this Notice of Motion and Motion; (2) the Memorandum of
8 Points and Authorities in Support of Motion for Court approval of the PAGA Settlement; (3) the
9 Declaration of Raul Perez, which attaches the PAGA Settlement Agreement; (4) the Declaration of
10 Precious Salgado; (5) the [Proposed] Order and Judgment Approving the PAGA Settlement Agreement;
11 (6) the records, pleadings, and papers filed in this action; and (7) upon such other documentary and oral
12 evidence or argument as may be presented to the Court at or prior to the hearing of this Motion.

13
14 Dated: July 2, 2024

Respectfully submitted,

15 By: _____

Raul Perez
Roxanna Tabatabaeepour
Ryan Tish
Alexander Wallin
CAPSTONE LAW APC

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18 Attorney for Plaintiff Precious Salgado

TABLE OF CONTENTS

I.	INTRODUCTION.....	7
II.	FACTS AND PROCEDURE	8
A.	Brief Overview of the Litigation	8
B.	Plaintiff's Counsel Conducted a Thorough Investigation of the Factual and Legal Issues and Were Thus Able to Objectively Assess the Settlement's Reasonableness	9
C.	The Parties Negotiated a Fair and Reasonable Settlement of Plaintiff's Claims	10
1.	Terms of the Settlement and Distribution of PAGA Penalties	10
2.	Allocations to the LWDA and Aggrieved Employees.....	10
3.	The Settled PAGA Claims	11
III.	ARGUMENT	11
A.	The PAGA Penalties Secured by the Settlement Are Genuine and Meaningful, and Fulfill PAGA's Underlying Purpose To Benefit the Public	11
B.	The Settlement Is Reasonable Given the Risks of Further Litigation.....	12
C.	The Court Should Award the Requested Attorneys' Fees in the Amount of Approximately One-Third of the Gross Settlement Fund.....	14
D.	A Lodestar Cross-Check Confirms that the Requested Attorneys' Fees Are Fair and Reasonable	18
E.	The Requested Recovery In Litigation Expenses Is Reasonable.....	20
F.	The Court Should Approve the Negotiated Service Award Payment	20
IV.	CONCLUSION.....	22

TABLE OF AUTHORITIES

STATE CASES

<i>Amaral v. Cintas Corp. No. 2</i> , 163 Cal. App. 4th 1157 (2008)	13, 20
<i>Amaro v. Anaheim Arena Mgmt., LLC</i> , 69 Cal. App. 5th 521 (2021)	16
<i>Bank of America v. Cory</i> , 164 Cal. App. 3d 66 (1985).....	15
<i>Beasley v. Wells Fargo Bank</i> , 235 Cal. App. 3d 1407 (1991)	20
<i>Carrington v. Starbucks Corp.</i> , 30 Cal. App. 5th 504 (2018).....	13
<i>Chavez v. Netflix, Inc.</i> , 162 Cal. App. 4th 43 (2008).....	16
<i>Elder v. Schwan Food Co.</i> , No. B223911, 2011 WL 1797254 (Cal. Ct. App. May 12, 2011).....	14
<i>Gunther v. Alaska Airlines, Inc.</i> , 72 Cal. App. 5th 334 (2021)	12
<i>In re Consumer Privacy Cases</i> , 175 Cal. App. 4th 545 (2009)	18
<i>Iskanian v. CLS Transp. Los Angeles, LLC</i> , 59 Cal. 4th 348 (2014)	8, 11, 14, 22
<i>Kerkeles v. City of San Jose</i> , 243 Cal. App. 4th 88 (2015)	19
<i>Laffitte v. Robert Half Int’l Inc.</i> , 1 Cal.5th 480 (2016).....	15, 17
<i>Laffitte v. Robert Half Internat. Inc.</i> , 231 Cal. App. 4th 860 (2016) (<i>Laffitte I</i>).....	16
<i>Lealao v. Beneficial Cal. Inc.</i> , 82 Cal. App. 4th 19 (2000)	16
<i>MMM Holdings, Inc. v. Reich</i> , 21 Cal. App. 5th 167 (2018).....	22
<i>Moniz v. Adecco USA, Inc.</i> , 72 Cal. App. 5th 56 (2021)	7, 12
<i>Olson v. Automobile Club of Southern Calif.</i> , 42 Cal. 4th 1142 (2008)	20
<i>People ex rel. Strathmann v. Acacia Research Corp.</i> , 210 Cal. App. 4th 487 (2012)	14, 22
<i>PLCM Group v. Drexler</i> , 22 Cal. 4th 1084 (2000).....	18
<i>Sutter Health Uninsured Pricing Cases</i> , 171 Cal. App. 4th 495 (2009)	19
<i>Thurman v. Bayshore Transit Mgmt.</i> , 203 Cal. App. 4th 1112 (2012).....	14
<i>Wershba v. Apple Computer, Inc.</i> , 91 Cal. App. 4th 224 (2001).....	19
<i>Williams v. Superior Court</i> , 3 Cal. 5th 531 (2017)	11

FEDERAL CASES

<i>Aguirre v. Genesis Logistics</i> , No. SACV 12-00687 JVS (ANx), 2013 WL 10936035 (C.D. Cal. Dec. 30, 2013).....	14
<i>Bernstein v. Virgin Am., Inc.</i> , 990 F.3d 1157 (9th Cir. 2021)	12
<i>Billinghausen v. Tractor Supply Co.</i> , 306 F.R.D. 245 (N.D. Cal. 2015).....	20
<i>Boeing Co. v. Van Gernert</i> , 444 U.S. 472 (1980)	15
<i>Chen v. Morgan Stanley Smith Barney, LLC</i> , No. 8:14-CV-01077 ODW (FFMx), 2014 WL 4961182 (C.D. Cal., October 2, 2014).....	13
<i>Cotter v. Lyft, Inc.</i> , 193 F. Supp. 3d 1030 (N.D. Cal. 2016).....	13
<i>Dyer v. Wells Fargo Bank, N.A.</i> , 303 F.R.D. 326 (N.D. Cal. 2014)	19
<i>Fernandez v. Victoria Secret Stores, LLC</i> , No. CV 06-04149 MMM SHX, 2008 WL 8150856 (C.D. Cal. July 21, 2008)	16
<i>Fleming v. Covidien Inc.</i> , No. ED CV 10-01487 RGK (OPx) (OPX), 2011 WL 7563047 (C.D. Cal. Aug. 12, 2011)	13
<i>In re Rite Aid Corp. Securities Litig.</i> , 396 F.3d 294 (3d Cir. 2005)	16
<i>In re Toys ‘R’ Us-Del., Inc. FACTA Litig.</i> , 295 F.R.D. 438 (C.D. Cal. 2014).....	21
<i>La Fleur v. Medical Management Intern, Inc.</i> , No. 13-00398-VAP, 2014 WL 2967475 (C.D. Cal. June 25, 2014).....	21
<i>Li v. A Perfect Day Franchise, Inc.</i> , No. 5:10-CV-01189-LHK, 2012 WL 2236752 (N.D. Cal. June 15, 2012)	14
<i>Moreno v. City of Sacramento</i> , 534 F.3d 1106 (9th Cir. 2008)	19
<i>Salazar v. Sysco Central Cal.</i> , No. 15-01758-DAD, 2017 WL 1135801 (E.D. Cal. Feb. 2, 2017).....	7, 12
<i>Six (6) Mexican Workers v. Arizona Citrus Growers</i> , 904 F.2d 1301 (9th Cir. 1990).....	15
<i>Staton v. Boeing Co.</i> , 327 F.3d 938 (9th Cir. 2003).....	15
<i>Trang v. Turbine Engine Components Technologies Corp.</i> , No. CV 12–07658 DDP (RZx), 2012 WL 6618854 (C.D. Cal. Dec. 19, 2012)	13

1	<i>Vieyara-Flores v. Sika Corp.</i> , No. EDCV19606JVSKKX, 2019 WL 2436998 (C.D. Cal.	
2	June 10, 2019)	12
3	<i>Vizcaino v. Microsoft Corp.</i> , 290 F.3d 1043 (9th Cir. 2002)	19
4		
5	STATE STATUTES	
6	Cal. Lab. Code § 2699(e)(2)	8
7	Cal. Lab. Code § 2699(g)	8
8	Cal. Lab. Code § 2699(h)	13
9	Cal. Lab. Code § 2699(i)	7
10	Cal. Lab. Code § 2699(l)(2)	7, 11
11		
12	SECONDARY AUTHORITIES	
13	Eisenberg & Miller, <i>Attorney Fees in Class Action Settlements: An Empirical Study</i> , J. of	
14	Empirical Legal Studies, Vol. 1, Issue 1 (March 2004)	16
15		
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Pursuant to the Labor Code Private Attorneys General Act of 2004 (Lab. Code. §§ 2698, *et seq.*, “PAGA”), Plaintiff Precious Salgado (“Plaintiff”) seeks Court approval of the settlement of her claim for PAGA civil penalties with Defendant Blood Bank of San Bernardino and Riverside Counties (“Defendant”) (collectively with Plaintiff, the “Parties”).

The PAGA provides that “[t]he superior court shall review and approve any settlement of any civil action filed pursuant to this part.” Lab. Code § 2699(l)(2). In *Moniz v. Adecco USA, Inc.*, 72 Cal. App. 5th 56 (2021), the Court of Appeal explained that similar to class action settlements, the trial court should satisfy itself that the settlement is “fair, adequate, and reasonable” in view of PAGA’s “purposes and policies.” The statute does not, however, require the two-step process utilized in class actions. *See Salazar v. Sysco Central Cal.*, No. 15-01758-DAD, 2017 WL 1135801, *2 (E.D. Cal. Feb. 2, 2017) (rejecting the application of class action settlement rules and procedures for PAGA settlement approval). Nothing in the PAGA changes the strong judicial preference in support of approving settlements.

The principal terms of the PAGA Settlement Agreement¹ are as follows:

- (1) A non-reversionary Gross Settlement Amount of \$415,000, which includes payments to the LWDA and Aggrieved Employees for their respective shares of the PAGA Penalties Fund, Plaintiff’s attorneys’ fees and litigation costs, Plaintiff Service Award, and settlement administration costs.
- (2) The creation of a PAGA Penalties Fund of approximately \$258,325.86, which will be paid to aggrieved employees and the LWDA in full satisfaction of all Settled Claims (“PAGA Penalties Fund”).
 - (a) Seventy-five percent of the PAGA Penalties Fund, or approximately \$193,744.40, will be paid to the LWDA pursuant to Labor Code section 2699(i).
 - (b) Twenty-five percent of the PAGA Penalties Fund, or approximately \$64,581.46,

¹ Unless indicated otherwise, all capitalized terms used herein have the same meaning as those defined by the PAGA Settlement Agreement, which is attached as Exhibit 1 to the Declaration of Raul Perez filed in conjunction with this motion.

will be paid to all persons who were employed by Defendant in California as non-exempt, hourly-paid employees at any time from February 27, 2022 through March 7, 2024 (“Aggrieved Employees”). There are approximately 700 Aggrieved Employees.

(3) A Service Award of \$10,000 to Plaintiff as consideration for her service on behalf of the State of California and Aggrieved Employees, and for a general release of all claims she may have against Defendant arising out of her employment.

(4) Reasonable attorneys’ fees and costs under Labor Code section 2699(g) for Plaintiff’s Counsel’s successful prosecution and resolution of this action. Plaintiff requests \$133,333 in attorneys’ fees and \$5,841.14 in costs for her counsel, Capstone Law APC (“Plaintiff’s Counsel”).

(5) Settlement Administration Costs of approximately \$7,500 to CPT Group, Inc.

The civil penalties secured by the settlement represent a fair compromise of Plaintiff’s PAGA claim in view of the risks of continued litigation and the hotly contested issues of law and fact relating to PAGA claims. The Settlement accomplishes PAGA’s objectives by imposing sufficient civil penalties “to punish and deter” Defendant from committing any of the Labor Code violations alleged, while also ensuring that the penalties are not “unjust, arbitrary and oppressive, or confiscatory.” Cal. Lab. Code § 2699(e)(2); *Iskanian v. CLS Transp. Los Angeles, LLC*, 59 Cal. 4th 348, 384 (2014).

For these reasons, Plaintiff respectfully requests that the Court approve the Settlement and enter the proposed Order Approving the PAGA Settlement Agreement and the proposed Judgment.

II. FACTS AND PROCEDURE

A. Brief Overview of the Litigation

Defendant is a California corporation that operates donor center and mobile sites for blood. Plaintiff worked for Defendant at its various donor center and mobile sites, including Ontario, Riverside, San Bernardino, La Quinta and Hesperia, California as a non-exempt “Donor Specialist” from approximately March 2022 to January 2023. (Declaration of Precious Salgado ¶ 2.) Her job duties included performing quality control and ensuring all medical devices were operating properly, screening donors, asking donors questions pertaining to health history to determine donation eligibility, completing

1 vital checks, drawing blood, and storing blood. (*Id.*)

2 Plaintiff filed this wage and hour action against Defendant on February 27, 2023. (Declaration of
3 Raul Perez [“Perez Decl.”] ¶ 2.) The operative First Amended Complaint alleges that Defendant violated
4 the following sections of the California Labor Code²—(1) Sections 510 and 1198 (unpaid overtime); (2)
5 Sections 1182.12, 1194, 1197, 1197.1, and 1198 (unpaid minimum wages); (3) Sections 226.7, 512(a),
6 516, and 1198 (failure to provide meal periods); (4) Sections 226.7, 516, and 1198 (failure to authorize
7 and permit rest periods); (5) Sections 226(a), 1174(d), and 1198 (non-compliant wage statements and
8 failure to maintain payroll records); (6) Sections 201 and 202 (wages not timely paid upon termination);
9 (7) Section 204 (failure to timely pay wages during employment); (8) Section 2802 (unreimbursed
10 business expenses); and (9) Section 2698, *et seq.* (PAGA).

11 On March 7, 2024, the Parties participated in a mediation with Craig Ackermann, Esq., an
12 experienced mediator of wage and hour actions. (Perez Decl. ¶ 3.) At all times, the Parties’ negotiations
13 were adversarial and non-collusive. (*Id.*) Mr. Ackermann helped to manage the Parties’ expectations and
14 provided a useful, neutral analysis of the issues and risks to both sides. (*Id.*) With Mr. Ackermann’s
15 guidance, the Parties were eventually able to negotiate a complete settlement of Plaintiff’s PAGA claims.
16 Plaintiff’s class allegations will be dismissed without prejudice. (*Id.*)

17 The terms of the PAGA settlement are now set forth in complete and final form in the PAGA
18 Settlement Agreement. (*Id.* at ¶ 4, Ex. 1.)

19 **B. Plaintiff’s Counsel Conducted a Thorough Investigation of the Factual and Legal**
20 **Issues and Were Thus Able to Objectively Assess the Settlement’s Reasonableness**

21 As set forth in greater detail in Plaintiff’s Counsel’s declaration in support of this Motion, based
22 on their analysis of documents and employee data produced by Defendant—including Defendant’s
23 California labor policies and procedures manuals, and Aggrieved Employees’ time and payroll
24 records—Plaintiff’s Counsel were able to realistically assess the value of Plaintiff’s claims, and
25 intelligently engage defense counsel in settlement discussions that culminated in the proposed settlement
26 now before the Court. (Perez Decl. ¶¶ 5-9.)

27
28 ² Unless indicated otherwise, further statutory references are to the California Labor Code.

1 By engaging in a thorough investigation and evaluation of Plaintiff's claims, Plaintiff's Counsel
2 can opine that the Settlement, for the consideration and on the terms set forth in the PAGA Settlement
3 Agreement, is fair, reasonable, and adequate, and is in the best interests of the LWDA and Aggrieved
4 Employees in light of all known facts and circumstances, including the risk of significant delay and
5 uncertainty associated with litigation, various defenses asserted by Defendant. (*Id.* at ¶ 10.)

6 **C. The Parties Negotiated a Fair and Reasonable Settlement of Plaintiff's Claims**

7 **1. Terms of the Settlement and Distribution of PAGA Penalties**

8 The Settlement Agreement provides that Defendant will pay a total of \$415,000 to settle
9 Plaintiff's PAGA claim. (Settlement Agreement ¶ 12.) From this amount, payments will be made: (a) to
10 the LWDA and Aggrieved Employees; (b) to Plaintiff as compensation for her service on behalf of the
11 State, and for a general release of claims arising out of her employment with Defendant; (c) to Plaintiff's
12 Counsel for their attorneys' fees and litigation costs; and (d) and to the Settlement Administrator (CPT)
13 for settlement administration costs. (*Id.* at ¶¶ 13-17.)

14 The resulting balance will be distributed to the LWDA and Aggrieved Employees: the LWDA
15 will receive approximately \$193,744.40, and Aggrieved Employees will receive approximately
16 \$64,581.46. (*Id.*) The Aggrieved Employees encompassed by the proposed Settlement are all persons
17 who were employed by Defendant in California as non-exempt, hourly-paid employees at any time from
18 February 27, 2022 through March 7, 2024. (*Id.* at ¶ 2.) There are approximately 700 Aggrieved
19 Employees. (*Id.* at ¶ 17.)

20 Plaintiff's proposed order also seeks dismissal of the class claims without prejudice.

21 **2. Allocations to the LWDA and Aggrieved Employees**

22 Payments to Aggrieved Employees will be made from the PAGA Penalties Fund. The individual
23 allocations will be calculated on a pro-rata basis using the number of pay periods worked by each
24 employee. Defendant will provide the total number of pay periods worked by each Aggrieved Employee
25 and the total number of pay periods worked by all Aggrieved Employees during the Settlement Period.
26 (Settlement Agreement ¶ 13.) The Settlement Administrator will calculate each Aggrieved Employee's
27 payment using the proportional number of pay periods during which the employee worked. (*Id.*) Thus,
28 the Settlement Administrator will perform the following calculation to calculate individual payments:

1 Settlement Payment = (25% of PAGA Penalties Fund) × (pay periods worked by individual Aggrieved
2 Employee during the Settlement Period ÷ total pay periods worked by all Aggrieved Employees during
3 the Settlement Period). (*Id.*)

4 This is a fair and equitable means of allocating the penalties. Aggrieved Employees who worked
5 for a longer duration during the Settlement Period will receive proportionally larger payments than those
6 employees who worked for shorter durations.

7 **3. The Settled PAGA Claims**

8 Upon entry of the Order and Judgment, the LWDA and Plaintiff, on behalf of herself and the
9 Aggrieved Employees to the fullest extent allowed by law, will be deemed to have fully, finally, and
10 forever released, relinquished, and discharged each and all of the Released Parties from any and all
11 claims for PAGA civil penalties under the California Labor Code, Wage Orders, regulations, and/or
12 other provisions of law alleged or could have been alleged to have been violated in the Action with
13 respect to Aggrieved Employees based on the facts alleged in the Action during the Settlement Period.
14 (Settlement Agreement ¶¶ 10-11, 22.) Aggrieved Employees, other than Plaintiff, will not be deemed to
15 have released any individual wage and hour claims by virtue of this Settlement, and the class allegations
16 will be dismissed without prejudice. (*Id.* at ¶ 22.)

17 Additionally, Plaintiff has agreed to a broader general release of all claims of any kind against
18 Defendant. (*Id.* at ¶ 15.)

19 **III. ARGUMENT**

20 **A. The PAGA Penalties Secured by the Settlement Are Genuine and Meaningful, and** 21 **Fulfill PAGA's Underlying Purpose To Benefit the Public**

22 Under PAGA, an aggrieved employee may bring a civil action personally and on behalf of other
23 current or former employees to recover civil penalties for Labor Code violations. *Iskanian*, 59 Cal. 4th at
24 380. Seventy-five percent of any penalties recovered go to the LWDA, leaving the remaining twenty-
25 five percent for aggrieved employees. *Id.* PAGA is intended “to augment the limited enforcement
26 capability of [LWDA] by empowering employees to enforce the Labor Code as representatives of the
27 Agency.” *Id.* at 383. A judgment in a PAGA action binds all those, including non-party aggrieved
28 employees, who would be bound by a judgment in an action brought by the government. *Id.* at 381.

1 A superior court must review and approve any PAGA settlement. Cal. Lab. Code § 2699(l)(2).
2 The court’s review “ensur[es] that any negotiated resolution is fair to those affected.” *Williams v.*
3 *Superior Court*, 3 Cal. 5th 531, 549 (2017). The Court’s evaluation of the settlement must “determine
4 whether it is fair, reasonable, and adequate in view of PAGA’s purposes to remediate present labor law
5 violations, deter future ones, and to maximize enforcement of state labor laws.” *Moniz, Inc.*, 72 Cal. App.
6 5th at 77.

7 The Court’s evaluation of the settlement should therefore not focus on “restitution”—the average
8 recovery per aggrieved employee, as in a class action settlement, but rather take into account PAGA’s
9 statutory purpose in deterring Labor Code violations through the imposition of civil penalties, with
10 special attention on whether the relief is “genuine and meaningful.” *Salazar*, 2017 WL 1135801 at *2.

11 **B. The Settlement Is Reasonable Given the Risks of Further Litigation**

12 In assessing whether the amount of civil penalties is genuine and meaningful, the Court may
13 balance the amount in penalties against the risks of further litigation. Here, Plaintiff obtained a
14 meaningful amount of civil penalties despite facing hurdles had the litigation continued. Based on
15 information and evidence produced by Defendant during discovery, Plaintiff’s Counsel determined that
16 Aggrieved Employees worked during a total of approximately 19,500 pay periods during the PAGA
17 statute of limitations period. Statutory penalties would be calculated according to Labor Code 2699(f)(2):
18 If, at the time of the alleged violation, the person employs one or more employees, the civil penalty is
19 one hundred dollars (\$100) for each aggrieved employee per pay period for the initial violation and two
20 hundred dollars (\$200) for each aggrieved employee per pay period for each subsequent violation.

21 However, a number of courts have found that the “subsequent” penalty under PAGA applies
22 only after a court or the Labor Commissioner determines that the employer has violated the Labor Code.
23 *See Gunther v. Alaska Airlines, Inc.*, 72 Cal. App. 5th 334, 356 (2021) (“the increased \$200 civil penalty
24 for ‘subsequent violation[s]’ does not apply unless [Plaintiff] presents evidence that the Labor
25 Commission or a court notified [Defendant] that it was in violation of the Labor Code.”); *Bernstein v.*
26 *Virgin Am., Inc.*, 990 F.3d 1157, 1173 (9th Cir. 2021) (reversing judgment as to “heightened civil
27 penalties” because the defendant was not given notice by the Labor Commissioner when the
28

“subsequent” violations occurred).³ Under this line of cases, Defendant’s exposure would be approximately \$1,950,000 = 19,500 violative pay periods × \$100.

It should be noted that PAGA gives the Court wide latitude to reduce the amount of civil penalties “based on the facts and circumstances of a particular case” when “to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory.” Cal. Lab. Code § 2699(h). In reducing PAGA penalties, courts have considered issues including whether the employees suffered actual injury from the violations, whether the defendant was aware of the violations, and the employer’s willingness to fix the violation. *Carrington v. Starbucks Corp.*, 30 Cal. App. 5th 504, 528 (2018) (awarding PAGA penalties of only 0.2% of the maximum); *see also Cotter v. Lyft, Inc.*, 193 F. Supp. 3d 1030, 1037 (N.D. Cal. 2016); *Fleming v. Covidien Inc.*, No. ED CV 10-01487 RGK (OPX), 2011 WL 7563047, at *4 (C.D. Cal. Aug. 12, 2011).

For example, during the penalty phase of trial in *Carrington*, the plaintiff requested PAGA penalties in the amount of approximately \$70 million. The trial court instead awarded only \$150,000—**or 0.21% of the calculated maximum**—and stated that this reduction was warranted because (a) the Court did not believe it was appropriate to impose multiple penalties per pay period in which a violation occurred and (b) imposing the maximum penalty would be “unjust, arbitrary, and oppressive” based on Starbucks’s “good faith attempts” to comply with meal period obligations and because the court found the violations were minimal. *Carrington*, 30 Cal. App. 5th at 517-18. The Court of Appeal affirmed the lower court’s reduced award of a \$150,000 penalty under PAGA. *Id.* at 529. If a similar reduction had been applied here, Plaintiff would have recovered only approximately \$4,095 ($\$1,950,000 \times 0.0021$ reduction).

³ *See also Vieyara-Flores v. Sika Corp.*, No. EDCV19606JVSKKX, 2019 WL 2436998, at *5 (C.D. Cal. June 10, 2019) (“employers are not subject to heightened penalties . . . until a court or commissioner notifies the employer that it is in violation of the Labor Code . . . [Plaintiff] has not offered evidence that the Labor Commission or a court has notified them of PAGA violations [thus] PAGA’s heightened penalty of \$200 for subsequent violations will not be calculated to determine the amount in controversy”); *Chen v. Morgan Stanley Smith Barney, LLC*, No. 8:14-CV-01077 ODW (FFMx), 2014 WL 4961182 (C.D. Cal., October 2, 2014) (“Under the Labor Code, if an employer does not have notice that they are committing a violation, they are not subject to the heightened penalties.”); *Trang v. Turbine Engine Components Technologies Corp.*, No. CV 12–07658 DDP (RZx), 2012 WL 6618854 (C.D. Cal. Dec. 19, 2012) (“courts have held that employers are not subject to heightened penalties for subsequent violations unless and until a court or commissioner notifies the employer that it is in violation of the Labor Code”), citing *Amaral v. Cintas Corp. No. 2*, 163 Cal. App. 4th 1157 (2008).

1 Likewise, in *Covidien*, the Court reduced the potential penalties by over 82%, awarding
2 \$500,000 instead of maximum penalties of \$2.8 million. *Covidien*, 2011 WL 7563047 at *4; *see also*
3 *Thurman v. Bayshore Transit Mgmt.*, 203 Cal. App. 4th 1112, 1135-36 (2012) (affirming 30% reduction
4 under specified PAGA claim where the employer produced evidence that it took its obligations
5 seriously); *Elder v. Schwan Food Co.*, No. B223911, 2011 WL 1797254, at *5-*7 (Cal. Ct. App. May
6 12, 2011) (reversing trial court decision denying any civil penalties where violations had been proven,
7 remanding for the trial court to exercise discretion to reduce, but not wholly deny, civil penalties); *Li v. A*
8 *Perfect Day Franchise, Inc.*, No. 5:10-CV-01189-LHK, 2012 WL 2236752, at *17 (N.D. Cal. June 15,
9 2012) (denying PAGA penalties for violation of California Labor Code section 226 as redundant with
10 recovery on a class basis pursuant to California Labor Code section 226, directly); *Aguirre v. Genesis*
11 *Logistics*, No. SACV 12-00687 JVS (ANx), 2013 WL 10936035 at *2-*3 (C.D. Cal. Dec. 30, 2013)
12 (reducing penalty for past PAGA violations from \$1.8 million to \$500,000, after rejecting numerous
13 other PAGA claims).

14 Considering the issues, defenses, and the risks, a \$415,000 settlement for a limited release of
15 PAGA penalties—no individual wage and hour claims will be extinguished by the Settlement—is a fair
16 and just result and furthers PAGA’s objectives, and is not “unjust, arbitrary, and oppressive.”

17 **C. The Court Should Award the Requested Attorneys’ Fees in the Amount of**
18 **Approximately One-Third of the Gross Settlement Fund**

19 For the reasons discussed in detail below, an award of attorneys’ fees in the amount of
20 approximately one-third of the gross settlement fund is fair and reasonable, and in line with what other
21 California courts, both state and federal, have awarded in settlements of similar litigation.

22 The PAGA provides that a plaintiff is entitled to recover reasonable attorneys’ fees, expenses,
23 and costs. Section 2699(g)(1) of the California Labor Code provides that “[a]ny employee who prevails
24 in any action shall be entitled to an award of reasonable attorney’s fees and costs.” In a *qui tam* action,
25 reasonable attorneys’ fees and costs are typically awarded under the common fund doctrine where, as
26 here, the litigation creates a common fund of money in a specific amount for the benefit of others. PAGA
27 “is a type of *qui tam* action.” *See Iskanian*, 59 Cal. 4th at 382. “A *qui tam* action ‘is a type of private
28 attorney general lawsuit’ [citation], in which ‘the *qui tam* plaintiff stands in the shoes of the state or

1 political subdivision [citation].” *People ex rel. Strathmann v. Acacia Research Corp.*, 210 Cal. App. 4th
2 487, 501 (2012).

3 A PAGA action is a *qui tam* action because the statute allows the employee plaintiff, acting as
4 the proxy of the State’s labor law enforcement agency, to sue his or her employer for Labor Code
5 violations and recover civil penalties that otherwise would have been assessed and collected by the
6 LWDA. *See Iskanian*, 59 Cal. 4th at 382. Indeed, the majority of the civil penalties recovered in a PAGA
7 action are paid to the State, with a smaller portion paid to the aggrieved employees (e.g., 75% paid to the
8 state; 25% paid to the aggrieved employees). *See* Cal. Lab. Code § 2699(i). Where, as here, a common
9 fund is created in a *qui tam* action by the successful litigation of a plaintiff and her attorneys, the
10 plaintiff’s attorneys are entitled to recover their fees from the common fund:

11 Those benefiting from the recovery of the fund, in this case some depositors and
12 eventually the People of the State of California, must bear their share of the cost of
13 litigation. Fees for taxpayers’ attorneys will be deducted from the judgment, and each
14 claimant’s share reduced proportionately. To the extent the judgment relies upon section
1021.5 for recovery of attorney fees, it must be modified to confine the award of fees to
the common fund theory.

15 *Bank of America v. Cory*, 164 Cal. App. 3d 66, 91 (1985) (authorizing common fund fees in a *qui tam*
16 taxpayer suit against certain banks).

17 Likewise, through the successful efforts of Plaintiff and her attorneys, a common fund was
18 created in the amount of \$415,000 for the benefit of the employees and the State of California. Thus,
19 these beneficiaries must bear their share of the costs and attorneys’ fees, to be deducted from the gross
20 settlement fund under the common fund theory. *Id.* Such fees are deducted as a percentage of the
21 settlement amount. *See, e.g., Boeing Co. v. Van Gernert*, 444 U.S. 472, 478-482 (1980); *Six (6) Mexican*
22 *Workers v. Arizona Citrus Growers*, 904 F.2d 1301, 1311 (9th Cir. 1990); *Williams v. MGM-Pathe*
23 *Communications Co.*, 129 F.3d 1026, 1027 (9th Cir. 1997); *Staton v. Boeing Co.*, 327 F.3d 938, 967 (9th
24 Cir. 2003).

25 The California Supreme Court recently upheld the use of the common fund theory of recovery
26 for attorneys’ fees in *Laffitte v. Robert Half Int’l Inc.*, 1 Cal. 5th 480, 506 (2016). In *Laffitte*, the
27 settlement created a common fund of \$19 million. The Court approved the award of attorneys’ fees in
28 the amount of one third of the gross \$19 million settlement (e.g., an award of \$6.33 million) under the

1 common fund theory. *Id.* By awarding counsel a percentage of the total recovery, rather than fees based
2 on hours worked, the common fund method encourages attorneys to efficiently litigate to achieve the
3 best results possible. *See Laffitte*, 1 Cal. 5th at 492-494. Indeed, “the percentage method is generally
4 favored in common fund cases because it allows courts to award fees from the fund in a manner that
5 rewards counsel for success and penalizes it for failure. *Id.* at 493 (quoting *In re Rite Aid Corp. Securities*
6 *Litig.*, 396 F.3d 294, 300 (3d Cir. 2005) (internal quotations omitted).

7 As a California appellate court very recently confirmed, “fee awards in class actions average
8 around one-third of the recovery’ regardless of ‘whether the percentage method or the lodestar method is
9 used.” *Amaro v. Anaheim Arena Mgmt., LLC*, 69 Cal. App. 5th 521, 545 (2021) (quoting *Chavez v.*
10 *Netflix, Inc.*, 162 Cal. App. 4th 43, 66, fn. 11 (2008)).

11 Consistent with that observation, California state and federal courts routinely award attorneys’
12 fees equaling one-third of the common fund. *See, e.g. Laffitte v. Robert Half Internat. Inc.*, 231 Cal. App.
13 4th 860, 871 (2016) (“33 1/3 percent of the common fund is consistent with, and in the range of, awards
14 in other class action lawsuits”); *Chavez*, 162 Cal. App. 4th at 66 n.11 (“Empirical studies show that,
15 regardless whether the percentage method or the lodestar method is used, fee awards in class actions
16 average around one-third of the recovery.”); Eisenberg & Miller, *Attorney Fees in Class Action*
17 *Settlements: An Empirical Study*, J. of Empirical Legal Studies, Vol. 1, Issue 1, 27-78, March 2004, at 35
18 (independent studies of class action litigation nationwide conclude that fees representing one-third of the
19 total recovery is consistent with market rates). Notably, the California Supreme Court in *Laffitte v.*
20 *Robert Half Internat. Inc.* affirmed a fee award representing one-third of the fund. *Laffitte*, 231 Cal. App.
21 4th at 506.

22 A fee award in the amount of one-third of the common fund is also reasonable because it best
23 reflects the market rate for contingency fees. *See Lealao v. Beneficial Cal. Inc.*, 82 Cal. App. 4th 19, 47
24 (2000) (“attorneys providing the essential enforcement services must be provided incentives roughly
25 comparable to those negotiated in the private bargaining that takes place in the legal marketplace. . . .”).
26 Fees representing one-third of the recovery reflect the rate negotiated in “typical contingency fee
27 agreements [which] provide that class counsel will recover 33% if the case is resolved before trial and
28 40% if the case is tried.” *Fernandez v. Victoria Secret Stores, LLC*, No. CV 06-04149 MMM SHX,

2008 WL 8150856, at *16 (C.D. Cal. July 21, 2008) (citing an academic study collecting contingency fee agreements and finding that a fee award constituting 34% of the fund is reasonable on that basis). Because the negotiated fee structure mimics the marketplace, it is reasonable and should be approved.

A one-third common fund⁴ attorneys' fee award is also consistent with what courts have awarded in other representative action cases. The following list shows PAGA actions where attorneys' fees were awarded on a common fund basis:

- *Cruz v. Wal-Mart Associates, Inc.*, Los Angeles Superior Court, No. 18STCV03128 (May 28, 2021) (approving fee award from PAGA-only settlement of \$5 million against a common fund of \$15 million);
- *Jones v. J.C. Penney Corporation*, Los Angeles Superior Court, Case No. BC451823 (April 20, 2017) (approving fee award from PAGA-only settlement of \$1.375 million against a common fund of \$3.2 million (42%));
- *Garcia v. Macy's*, San Bernardino County Superior Court, Case No. CIVDS1516007 (Sept. 13, 2017) (33.33% fee awarded on \$12,500,000 settlement of a PAGA only case);
- *Garcia v. Pep Boys*, Orange County Superior Court, Case No. 30-2014-00720574-CU-OE-CJC (July 14, 2016) (33.33% fee awarded on a \$1,030,000 settlement of a PAGA only case);
- *Brewer v. Connell Chevrolet*, Orange County Superior Court, Case No. 30-2016-00852123-CU-OC-CXC (June 15, 2017) (33.33% fee awarded on a PAGA only case);
- *Perez v. Staffmark Investment, LLC*, Riverside County Superior Court, Case No. MCC1401137 (May 23, 2016) (33.33% fee awarded on a \$650,000 settlement of a PAGA only case).

An award of fees from the gross settlement amount under the common fund doctrine prevents unjust enrichment of those who benefit from the common fund created through the successful efforts of plaintiff's counsel and furthers the important goal of attracting competent counsel to handle representative actions enforcing minimum labor standards. *Laffitte*, 1 Cal. 5th at 503. In affirming the use of the common fund doctrine in California, the California Supreme Court summarized the benefits of the percentage method of recovery stating: "The recognized advantages of the percentage method—

⁴ Court have also approved fees in amounts greater than one-third of the common fund. See *Charles v. JPMorgan Chase Bank*, No. CGC-14-538933 (San Francisco County Superior Court June 18, 2019) (awarding plaintiffs \$2.88 million in attorneys' fees on PAGA penalties totaling \$2.7 million); *Boseman v. VXi Global Solutions, LLC*, No. BC602442 (Los Angeles County Superior Court Jan. 3, 2019) (awarding plaintiff \$750,000 in attorneys' fees and costs on general PAGA penalties totaling \$585,000); *Salas v. Hallmark Aviation Services LP*, No. BC586585 (Los Angeles County Superior Court February 17, 2017) (awarding plaintiff \$600,000 in attorneys' fees on PAGA penalties totaling \$605,000); *Monroe v. Continental Design Co., Inc.*, No. RG16817667 (Alameda County Superior Court June 21, 2017) (awarding plaintiff \$110,000 in fees on PAGA penalties totaling \$90,000); *Ramirez v. Benito Valley Farms, LLC*, No. 16-CV-04708-LHK, 2017 WL 3670794, at *6 (N.D. Cal. Aug. 25, 2017) (awarding attorneys' fees under the lodestar method with no regard to the proportion of the fees to civil penalties).

1 including relative ease of calculation, alignment of incentives between counsel and the class, a better
2 approximation of market conditions in a contingency case, and the encouragement it provides counsel to
3 seek an early settlement and avoid unnecessarily prolonging the litigation [citations]—convince us the
4 percentage method is a valuable tool that should not be denied our trial courts.” *Id.*

5 For all of these reasons, a common fund fee award in the amount of \$133,333 is fair and
6 reasonable.

7 **D. A Lodestar Cross-Check Confirms that the Requested Attorneys’ Fees Are Fair**
8 **and Reasonable**

9 The trial court may use an abbreviated lodestar “cross-check” for common fund awards if the
10 court considers it useful. *Laffitte II*, 1 Cal. 5th at 504-05. However, under *Laffitte II*, this is not meant to
11 displace the percentage analysis, but rather to act as a backstop. Indeed, the Supreme Court expressly
12 instructed that “the lodestar calculation, when used in this manner, does not override the trial court’s
13 primary determination of the fee as a percentage of the common fund and thus does not impose an
14 absolute maximum or minimum on the fee award.” *Laffitte II*, 1 Cal. 5th at 505. Critically, the Court in
15 *Laffitte II* emphasized that only where the “multiplier calculated by means of a lodestar cross-check is
16 **extraordinarily high or low**” should the court “consider whether the percentage should be adjusted so
17 as to bring the imputed multiplier within a justifiable range.” *Id.* (emphasis added). Accordingly, when
18 the cross-check multiplier is within a normal range, the lodestar-cross check does not provide a basis for
19 a court to reduce the fee award. Furthermore, in conducting a lodestar cross-check, the court is not
20 “required to closely scrutinize each claimed attorney-hour.” *Laffitte II*, 1 Cal. 5th at 505. An evaluation
21 may be done by reviewing “counsel declarations summarizing overall time spent.” *Id.*

22 In conducting a lodestar cross-check, the Court first determines a lodestar value for the fees by
23 multiplying the time reasonably spent by plaintiffs’ counsel on the case by a reasonable hourly rate. *In re*
24 *Consumer Privacy Cases*, 175 Cal. App. 4th 545, 556-57 (2009). To determine whether the requested
25 rate is reasonable, courts look to the prevailing rate for similar work in the pertinent geographic region.
26 *PLCM Group v. Drexler*, 22 Cal. 4th 1084, 1096-97 (2000) (using prevailing hourly rate in community
27 for comparable legal services even though party used in-house counsel). Here, Plaintiff’s Counsel’s
28 hourly rates are comparable to, or less than, those charged by other representative action plaintiffs’

1 counsel and the firms defending PAGA actions, and have been approved by numerous federal and state
2 courts. (Perez Decl. ¶¶ 11-14, Ex. 2.)

3 Likewise, the total attorney hours expended on this action are reasonable and in line with
4 comparable cases. In determining the reasonableness of the hours expended, “the court should defer to
5 the winning lawyer’s professional judgment as to how much time he was required to spend on the case;
6 after all, he won, and might not have, had he been more of a slacker.” *Kerkeles v. City of San Jose*, 243
7 Cal. App. 4th 88, 104 (2015) (quoting *Moreno v. City of Sacramento*, 534 F.3d 1106, 1112 (9th Cir.
8 2008)). Plaintiff’s Counsel billed a total of approximately 125.5 hours. (Perez Decl. ¶ 11.)

9 Multiplying the total hours billed by Plaintiff’s Counsel to the litigation by their reasonable
10 hourly rates yields a lodestar of \$80,822.50. (*Id.*) Applying a 1.65 multiplier to that lodestar yields the
11 requested fees. A 1.65 multiplier is not “extraordinarily high”—to the contrary, the normal range for a
12 multiplier on a lodestar cross-check “can range from 2 to 4 or even higher.” *Wershba v. Apple Computer,*
13 *Inc.*, 91 Cal. App. 4th 224, 255 (2001); *see also Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1047 (9th
14 Cir. 2002) (multipliers “ranging from one to four are frequently awarded ... when the lodestar method is
15 applied”; affirming fees where the cross-check multiplier is 3.65).

16 Courts routinely accept multipliers ranging from 2 to 4 on a lodestar cross-check. *See, e.g., Sutter*
17 *Health Uninsured Pricing Cases*, 171 Cal. App. 4th 495, 512 (2009) (applying a 2.52 multiplier on a
18 lodestar cross-check); *Chavez.*, 162 Cal. App. 4th at 66 (applying a 2.5 multiplier in a consumer class
19 action); *Willner v. Manpower Inc.*, No. 11-CV-02846-JST, 2015 WL 3863625, at *7 (N.D. Cal. June 22,
20 2015) (approving a 2.10 multiplier on settlement of California Labor Code violations); *Dyer v. Wells*
21 *Fargo Bank, N.A.*, 303 F.R.D. 326, 334 (N.D. Cal. 2014) (approving attorneys’ fees that resulted in
22 lodestar multiplier of 2.83); *Hopkins v. Stryker Sales Corp.*, No. 11-CV-02786-LHK, 2013 WL 496358,
23 at *5 (N.D. Cal. Feb. 6, 2013) (approving a multiplier of 2.76 in settlement of Labor Code violations).

24 Indeed, courts following *Laffitte* have reaffirmed that a multiplier between 2 and 4 to be
25 reasonable and not so “extraordinarily high” as to require greater judicial scrutiny. *See Spann v. J.C.*
26 *Penney Corp.*, 211 F. Supp. 3d 1244, 1265 (C.D. Cal. Sept. 30, 2016) (finding that a 3.07 multiplier is
27 “well within the range for reasonable multipliers” under *Laffitte II*); *Beaver v. Tarsadia Hotels*, No. 11-
28 CV-01842-GPC-KSC, 2017 WL 4310707, at *13 (S.D. Cal. Sept. 28, 2017) (“The one-third fee Class

Counsel seeks reflects a multiplier of 2.89 on the lodestar which is reasonable for a complex class action case.”).

The lodestar cross-check thus confirms that Plaintiff’s fee request is fair and reasonable and should be approved.

E. The Requested Recovery In Litigation Expenses Is Reasonable

Plaintiff’s Counsel are entitled to reimbursement of their discretionary litigation costs. Cal. Lab. Code § 2699(g)(1). Out-of-pocket discretionary expenses are compensable if they would normally be billed to a fee-paying client. *See Beasley v. Wells Fargo Bank*, 235 Cal. App. 3d 1407, 1419 (1991), *overruled in part on other grounds in Olson v. Automobile Club of Southern Calif.*, 42 Cal. 4th 1142 (2008). Such discretionary costs may be claimed as part of an attorneys’ fees motion when seeking statutory fees under the Labor Code. *See Amaral v. Cintas Corp. No. 2*, 163 Cal. App. 4th 1157, 1218 n.27 (2008) (awarding costs that are necessarily incurred).

As itemized in Plaintiff’s Counsel’s declaration in support of this Motion, Plaintiff’s Counsel advanced \$5,841.14 in out-of-pocket costs to the State for, among other things, court fees, courier fees, consultant fees, and legal research databases. (Perez Decl. ¶ 15.) Because these reasonable costs were necessarily incurred during the case’s pendency, these costs are reasonable and should be awarded. *See also* Cal. Civ. Pro. Code § 1033.5(c)(4) (“[i]tems not mentioned in this section and items assessed upon application may be allowed or denied in the court’s discretion.”); *Hsu v. Semiconductor Sys., Inc.*, 126 Cal. App. 4th 1330, 1341 (2005) (“[W]hile it is reasonable to interpret a general contractual cost provision by reference to an established statutory definition of costs, we do not discern any legislative intent to prevent sophisticated parties from freely choosing a broader standard authorizing recovery of reasonable litigation charges and expenses.”).

F. The Court Should Approve the Negotiated Service Award Payment

Paragraph 15 of the PAGA Settlement Agreement provides that Defendant will pay Plaintiff the sum of \$10,000 for her service on behalf of the LWDA and Aggrieved Employees, and for a general release of all claims arising out of her employment. This release covers not only the settled PAGA claims, but any and all claims arising out of Plaintiff’s employment.

The additional settlement payment is justified in light of the reputational risk that Plaintiff

1 assumed by litigating claims against a former employer. *See Billingshausen v. Tractor Supply Co.*, 306
2 F.R.D. 245, 267-68 (N.D. Cal. 2015) (finding “personal detriment” upon testimony that future
3 employers can easily learn that a prospective employee served as a plaintiff through the internet); *see*
4 *also Guippone v. BH S&B Holdings LLC*, No. 09 Civ. 1029, 2011 U.S. Dist. LEXIS 126026, at **4, 20
5 (S.D.N.Y. Oct. 28, 2011) (“[T]he fact that a plaintiff has filed a federal lawsuit is searchable on the
6 internet and may become known to prospective employers when evaluating the person . . . Even where
7 there is not a record of actual retaliation, notoriety, or personal difficulties, [representative Plaintiffs]
8 merit recognition for assuming the risk of such for the sake of absent [parties].”).

9 Employers commonly screen employee candidates to determine whether they have ever filed
10 suit, and employee candidates who might be branded “litigious” are likely to be screened out of the
11 process. In fact, an entire industry has developed for providing employers with background information
12 on employee candidates. By bringing this action against an employer, Plaintiff has assumed considerable
13 reputational risk that may impact her ability to find employment in the future. *La Fleur v. Medical*
14 *Management Intern, Inc.*, No. 13-00398-VAP, 2014 WL 2967475, *8 (C.D. Cal. June 25, 2014)
15 (awarding \$15,000 to each named plaintiff in part for attesting to their fear that the lawsuit will harm
16 their future job prospects in the industry).

17 Second, the separate settlement payment is reasonable because Plaintiff “remained fully
18 involved and expended considerable time and energy during the course of the litigation.” *See In re Toys*
19 *‘R’ Us-Del FACTA Litig.*, 295 F.R.D. at 471 (citation omitted). Plaintiff devoted her time and effort
20 toward assisting her attorneys with the prosecution of the claims, and assisted counsel with finalizing the
21 settlement.

22 The separate payment is also appropriate because Plaintiff otherwise “will not gain any benefit
23 beyond that [she] would receive as an ordinary [Aggrieved Employee].” *In re Toys “R” Us FACTA*
24 *Litig.*, 295 F.R.D. at 472; *Van Vranken*, 901 F. Supp. at 299 (holding that a substantial award is
25 appropriate where a [representative’s] claim made up “only a fraction of the common fund.”). Here,
26 absent the separate payment, Plaintiff will recover no more than other Aggrieved Employees, despite
27 undergoing personal sacrifice in bringing this suit on behalf of the State of California and Aggrieved
28 Employees.

1 Lastly, because PAGA is a “type of qui tam action,” it is appropriate for the Plaintiff to receive a
2 modest additional payment from the settlement as a “bounty” for her special effort in vindicating the
3 State’s interests by enforcing its labor laws. *See Iskanian*, 59 Cal. 4th at 382 (“A PAGA representative
4 action is therefore a type of qui tam action.”); *see also People ex rel. Strathmann v. Acacia Research*
5 *Corp.*, 210 Cal. App. 4th 487, 500 (2012) (“The person who brings the qui tam action, called the
6 ‘relator,’ stands in the shoes of the People of the State of California, who are deemed to be the real party
7 in interest . . . The relator in a qui tam action under section 1871.7 does not personally recover damages
8 but, if successful, receives [a portion] of the recovery as a bounty.”) (internal citations omitted).

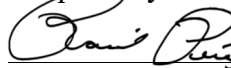
9 Such a payment incentivizes employees to step forward to enforce the Labor Code. *See MMM*
10 *Holdings, Inc. v. Reich*, 21 Cal. App. 5th 167, 180 (2018) (“The bounty advances the public purpose and
11 benefit by encouraging private qui tam actions; indeed, this prospect of reward may be the only means of
12 inducing such private parties to come forward with their information.”) (internal quotations omitted).
13 This is especially important in this context, as “the lack of government resources to enforce the Labor
14 Code led to a legislative choice to deputize and incentivize employees uniquely positioned to detect and
15 prosecute such violations through the PAGA.” *Iskanian*, 59 Cal. 4th at 390. Absent the incentive
16 payment, fewer employees would be willing to step forward, and PAGA’s primary purpose—
17 enforcement of the Labor Code—would be substantially undermined.

18 **IV. CONCLUSION**

19 The Parties have negotiated a fair and reasonable settlement of Plaintiff’s PAGA claims. Having
20 appropriately presented the materials and information necessary for approval, the Parties request that the
21 Court approve the PAGA Settlement Agreement.

22
23 Dated: July 2, 2024

Respectfully submitted,

24 By: 

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26 Roxanna Tabatabaeepour
27 Ryan Tish
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