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10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **FOR THE COUNTY OF SAN BERNARDINO**
12
13

14 MARIA REYES, on behalf of all aggrieved
employees,

15 Plaintiff,

16 vs.

17 LYNEER STAFFING SOLUTIONS, LLC, a
18 Delaware Limited Liability Corporation; and
19 DOES 1-40, inclusive,

20 Defendants.
21
22

) Case No. CIVSB2317672
)
)

) **MEMORANDUM OF POINTS AND**
) **AUTHORITIES IN SUPPORT OF**
) **PLAINTIFF'S MOTION FOR APPROVAL**
) **OF PAGA ACTION SETTLEMENT;**
) **APPOINTMENT OF SETTLEMENT**
) **ADMINISTRATOR; APPROVAL OF**
) **PAGA NOTICE; APPROVAL OF**
) **ENHANCEMENT AWARD; AND**
) **APPROVAL OF ATTORNEYS' FEES**
) **AND COSTS**
)

) Date: March 16, 2026

) Time: 8:30 a.m.

) Judge: Hon. Stephanie Tanada

) Dept.: S33
)

) Action Filed: August 1, 2023

) Trial Date: None
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**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF
PAGA ACTION SETTLEMENT; APPOINTMENT OF SETTLEMENT ADMINISTRATOR; APPROVAL OF PAGA
NOTICE; APPROVAL OF ENHANCEMENT AWARD; AND APPROVAL OF ATTORNEYS' FEES AND COSTS**

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1 **I. INTRODUCTION AND SUMMARY OF ARGUMENT**

2 Pursuant to the California Labor Code Private Attorneys General Act (“PAGA”), Cal. Lab.
3 Code § 2698 *et seq.*, plaintiff Maria Reyes (“Plaintiff”) seeks approval of the \$925,000.00 PAGA
4 settlement reached in this action (the “Settlement”) with defendant Lyneer Staffing Solutions, LLC
5 (“Defendant”) just 11 days before trial at the Mandatory Settlement Conference conducted by the
6 Honorable Joseph T. Ortiz on October 9, 2025. The Settlement resolves Plaintiff’s claims for civil
7 penalties under PAGA with respect to approximately 2,000 employees of the Defendant that were
8 placed with 23 specific clients of Lyneer (the “Aggrieved Employees”)¹ for the time period of
9 April 4, 2022 to October 15, 2024 (the “PAGA Settlement Period”). The relief provided for under
10 the Settlement is solely for settlement of the Aggrieved Employees’ claims for civil penalties under
11 PAGA.²

12 The Settlement provides for \$925,000.00, less the cost of settlement administration by
13 Apex Class Action LLC (up to \$12,990.00), the proposed enhancement payment to the named
14 Plaintiff for bringing this matter on behalf of the LWDA and Aggrieved Employees (\$15,000.00),
15 Plaintiff’s Counsels’ proposed attorneys’ fees of 35% (\$323,750.00) and litigation costs (up to
16 \$53,000.00) for a total of \$520,260.00 to the LWDA and Aggrieved Employees. Pursuant to
17 PAGA, 75% of the remainder \$390,195.00 will be distributed to the LWDA, and 25% of the
18 remainder \$130,065.00 will be distributed to the Aggrieved Employees. If the Court approves the
19 Settlement and all amounts sought, the average Aggrieved Employees’ settlement share for PAGA
20 penalties will be approximately \$65.03 (\$130,065.00 ÷ approximately 2,000 Aggrieved Employees

21

22 ¹ The Settlement covers Lyneer’s employees that worked for and/or at the following clients
23 who Plaintiff alleges were joint/co-employers of the Aggrieved Employees and are also covered by
24 the PAGA releases in the case: 4EXCELSIOR; Calerie Health Hldg LLC.; Cosmetic Enterprises,
25 Ltd.; Craftech Corporation; DG LOGISTICS; Expert Coatings & Graphics, Inc.; Fantasy Files Inc.;
26 Fashion Logistics (Branch 80); Killer Merch, LLC-20630 PLUMMER; Killer Merch, LLC-9541
27 MASON; Lacerta Group, LLC; Linzer Products Corp.; NTDS 2- 80-MSP; O.C. Pallets; PINTO
28 EXPRESS INC.; SANTA FE WAREHOUSE-COMMERCE; Sojo Industries; Sojo Industries
29 (Nevada); Three Hands Corporation-Unloaders; Under Armour-Fontana; UNIQUE LOGISTICS
30 INTERNATIONAL (90); UPS CA 01; and World Wide Logistics Group (NTDS) CA.

31 ² Other than the PAGA claim, the Settlement does not resolve any individual Labor Code
32 claims that could be brought by the Aggrieved Employees, with the sole exception of Maria Reyes
33 who is releasing all of her claims known and unknown pursuant to the Settlement. The Settlement
34 is also not releasing the claims of anyone that did not work for the Defendant on the 23 accounts at
35 issue during the Covered Period. (Favarote Decl. ¶ 1.)

= \$65.03) , the minimum payment for just one pay period worked is expected to be approximately \$6.84 and the maximum payment for an Aggrieved Employee who worked the entire Settlement Period is expected to be approximately \$902.88. (Favarote Decl. ¶ 21.)

Total Settlement Amount:	\$925,000.00
Minus Court-approved attorneys' fees (35%):	\$323,750.00
Minus Court-approved attorneys' costs:	\$53,000.00
Minus Court-approved enhancement award:	\$15,000.00
Minus Settlement administration cost:	\$12,990.00
Net Settlement Amount:	\$520,260.00
Minus LWDA's 75% Share:	\$390,195.00
Total Paid to Aggrieved Employees:	\$130,065.00

“Covered Period” or “PAGA Settlement Period” means the period from April 4, 2022 through October 15, 2024.

“Released PAGA Claims” means the PAGA claims alleged based on the facts and theories of liability set forth in the operative complaint and Plaintiff's PAGA Notice to the LWDA dated April 4, 2023, for alleged violations of Labor Code sections 201, 202, 202(a), 203, 226, 226(a), 226(b), 226.7, 510, 512, 558, 558.1, 1174, 1175, 1194, 1194.2, 1197, 1197.1, 1198 and 2802, as well as the IWC Wage Orders for Defendant and the 23 clients of the Defendant listed below: 4EXCELSIOR; Calerie Health Hldg LLC.; Cosmetic Enterprises, Ltd.; Craftech Corporation; DG LOGISTICS; Expert Coatings & Graphics, Inc.; Fantasy Files Inc.; Fashion Logistics (Branch 80); Killer Merch, LLC-20630 PLUMMER; Killer Merch, LLC-9541 MASON; Lacerta Group, LLC; Linzer Products Corp.; NTDS 2- 80-MSP; O.C. Pallets; PINTO EXPRESS INC.; SANTA FE WAREHOUSE-COMMERCE; Sojo Industries; Sojo Industries (Nevada); Three Hands Corporation-Unloaders; Under Armour-Fontana; UNIQUE LOGISTICS INTERNATIONAL (90); UPS CA 01; and World Wide Logistics Group (NTDS) CA.

(Declaration of Torey Joseph Favarote (“Favarote Decl.”) ¶ 5.)

Plaintiff's Counsel has performed significant work litigating this case, which was settled only 11 days before trial. (Favarote Decl. ¶ 11-13.) In addition to trial preparation, Plaintiff's counsel had to bring two motions to compel which resulted in sanctions, and the successful production of more than 680,000 pages of documents. Plaintiff's counsel also: took three days of

1 Person Most Knowledgeable (“PMK”) depositions; defended Plaintiff for two days of deposition;
2 took the deposition of three of Defendant’s branch managers and the Regional Vice President;
3 interviewed dozens of Aggrieved Employees; responded to 156 special interrogatories; responded
4 to multiple sets of form interrogatories; propounded more than 150 discovery requests; attended at
5 least a dozen discovery related conferences with the Court; retained an expert to review and
6 analyze Defendant’s electronic time and payroll records that were produced; and attended a
7 Mandatory Settlement Conference with Judge Ortiz which finally resulted in the Settlement.
8 (Favarote Decl. ¶¶ 11-12.) Plaintiff’s Counsel’s hard work has paid off for the State of California
9 and the Aggrieved Employees securing a Settlement.

10 The Settlement represents a positive outcome and a fair compromise of this PAGA action in
11 view of the uncertainties, expense, time, and risks of trial, as well as the hotly contested issues of
12 law and fact involved in this matter. For these reasons, and as demonstrated below, the Settlement
13 that was brokered by Judge Ortiz warrants the Court’s approval.

14 **II. BACKGROUND**

15 **A. Procedural Background**

16 On April 4, 2023, Plaintiff sent a PAGA notice to the LWDA and Defendant describing the
17 Labor Code violations alleged in this action and Plaintiff’s theories of liability. (Favarote Decl. ¶ 9,
18 Exh. A.) The gravamen of Plaintiff’s case is that the Aggrieved Employees were not paid for all
19 time worked on the clock or under the Defendant’s control. The Aggrieved Employees had their
20 time rounded and were not paid for all time worked (including minimum, regular and overtime)
21 under the Defendant’s or its clients’ control, nor were they paid at the correct rate of pay including
22 overtime after 8 hours of work in a day. (Favarote Decl. ¶ 10, Exh. A.)

23 Plaintiff also alleges that Defendant and its clients failed to provide legally adequate and/or
24 the correct number of meal periods and rest breaks where they were relieved of all duty, or that
25 were timely, or for the full time required under the law and did not reimburse employees for all
26 necessary work related expenses like mileage and cellular telephone usage as some employees used
27 their personal telephones to record and document their work time, and communicated with the
28 Defendant as they worked at an off-site client location and had some work related travel. Plaintiff

1 also alleges derivative theories of liability for the failure to keep accurate time records of when all
2 work periods began and ended, and for derivative wage statement violations and waiting time
3 penalties. (Favarote Decl. ¶ 10, Exh. A.)

4 On August 1, 2023, Plaintiff filed her complaint in this Court alleging a single cause of
5 action under PAGA for: (i) failure to pay all overtime wages in violation of Labor Code §§ 510,
6 1194, 1198, 558, 558.1, and the IWC Wage Orders; (ii) failure to reimburse necessary business
7 expenses in violation of Labor Code § 2802; (iii) failure to pay minimum wages for off the clock
8 work in violation of Labor Code §§ 558, 558.1, 1194, 1197, 1198 and the IWC Wage Orders;
9 (iv) failure to pay waiting time penalties in violation of Labor Code §§ 201-203; (v) failure to
10 provide accurate wage statements and keep accurate business records in violation of Labor Code
11 §§ 226 and 1174; and (vi) failure to provide meal periods and rest breaks or compensation in lieu
12 thereof in violation of Labor Code §§ 512 and 226.7.

13 **B. Discovery And Investigation Of Facts**

14 Plaintiff's Counsel have conducted significant investigation since the inception of this
15 action, as detailed in the Favarote Declaration filed concurrently herewith. Plaintiff's Counsel took
16 three days of PMK depositions, two days of which required counsel to fly to New York. (Favarote
17 Decl. ¶ 11.) Plaintiff's Counsel also took the depositions of three of Defendant's branch managers,
18 and the California Regional Vice President. (Favarote Decl. ¶ 11.) Plaintiff's counsel also
19 interviewed dozens of the Aggrieved Employees themselves and defended Plaintiff at her
20 deposition for two days. (Favarote Decl. ¶¶ 11-12.)

21 Plaintiff's Counsel's was required to perform a significant amount of work to obtain
22 discovery in this case, and was required to file two discovery motions (that resulted in sanctions)
23 and attend at least a dozen IDCs and discovery related conferences with the Court. (Favarote Decl.
24 ¶ 11.) Plaintiff's Counsel prevailed on these motions, compelling the production of more than
25 680,000 pages of documents and hundreds of pages of supplemental responses, all of which
26 required careful review and further meet and confer efforts both in and out of court. (Favarote
27 Decl. ¶ 11.) Plaintiff's Counsel also spent significant time evaluating and performing both an in
28 house analysis of the paper time records and retained an expert to review the electronic time and

1 payroll records. Plaintiff's Counsel also had to retain a service provider to input hundreds of
2 thousands of paper and handwritten time entries where the clock in/out times had to be manually
3 entered in Excel for analysis. (Favarote Decl. ¶¶ 11-12.)

4 Plaintiff's Counsels' investigation also included reviewing all of Defendant's policies,
5 procedures and practices applicable during the relevant time period; and propounding and
6 responding to more than 200 written discovery items. (Favarote Decl. ¶ 11.)

7 **C. Mandatory Settlement Conference**

8 Just 11 days before trial, on October 9, 2025 the parties attended a MSC with Judge Joseph
9 T. Ortiz. Plaintiff took time off of work to personally attend that conference. Ultimately the parties
10 reached an agreement proposed by Judge Ortiz and entered into a settlement agreement that is
11 enforceable under § 664.6 on the record before the Court. A copy of the transcript of the MSC is
12 attached as **Exhibit B** to the Declaration of Torey Favarote. (Favarote Decl. ¶ 13, Exh. B.)

13 **D. Post MSC Effort For Updated Data And Long Form Agreement**

14 As a part of the Settlement that was entered on the record with Judge Ortiz, Defendant was
15 required to provide Plaintiff's counsel with an updated list of the number of aggrieved employees
16 and the number of pay periods that they worked during the settlement period by November 9, 2025.
17 (Favarote Decl. ¶ 14, Exh. B.) To date, Defendant has not provided that information despite
18 repeated requests for it by Plaintiff's Counsel on November 12, 2025, November 26, 2025,
19 December 12, 2025, January 2, 2026 and January 12, 2026. (Favarote Decl. ¶ 15.) Defendant
20 Counsel has also failed to provide comments to the draft long form agreement sent to her on
21 November 26, 2025. (Favarote Decl. ¶ 15.) To avoid any further risk to the Settlement, Plaintiff has
22 moved to approve the Settlement as agreed to on the record with Judge Ortiz and secure judgment
23 based on the Settlement entered into the record on October 9, 2025. Plaintiff has also requested
24 information from Defendant's counsel about any related cases since Defendant did not file a notice
25 of related case in this case as far as we can tell from the record. To date, Plaintiff's counsel has not
26 received that information from Defendant. (Favarote Decl. ¶ 17.) As such, Plaintiff can only
27 provide the information available to her through her own research.

28 ///

1 **E. Related Cases**

2 In accordance with the Court’s guidelines on motions for approval of PAGA settlements
3 below are the following potentially related cases, Defendant has not filed any notice of related
4 cases in this matter as far as Plaintiff’s Counsel can tell from the record:

- 5 • Meybell Perez v. Blower Dempsey Corporation, Orange County Superior Court
6 Case No. 30-2020-01140589-CU-OE-CXC
- 7 • Mirna Reyes v. Liquid Graphics, Orange County Superior Court Case No. 30-2021-
8 01225386-CU-WT-CJC
- 9 • Abuhassouna, et. al. v. Lyneer Staffing Solutions, LLC, et. al., Los Angeles
10 Superior Court Case No. 22STCV19228
- 11 • Juan Manual Lara Gutierrez v. Salsbury Industries, Inc., et. al., Los Angeles
12 Superior Court Case No. 24STCV01809

13 This Settlement would resolve the Release PAGA Claims as defined above, for the
14 Aggrieved Employees of the Defendant for the time period of April 4, 2022 through October 15,
15 2024 (Favarote Decl. ¶¶ 3, 5, Exhs. A, B.)

16 **III. SUMMARY OF THE PROPOSED SETTLEMENT**

17 The following is a summary of the material terms of the Settlement.

18 **A. Principal Terms**

19 Defendant will pay \$925,000.00 (the “Total Settlement Amount”) in settlement of the
20 action on a PAGA representative basis for approximately 2,000 aggrieved employees. The Total
21 Settlement Amount will cover: (i) the payment to the LWDA for its share of civil penalties
22 pursuant to PAGA, Cal. Lab. Code § 2699(i); (ii) the Settlement Shares to the aggrieved
23 employees; (iii) Plaintiff’s proposed enhancement award (requested to be \$15,000.00);
24 (iv) Plaintiff’s Counsels’ proposed reasonable fees (requested to be 35%, or \$323,750.00) and
25 litigation costs up to (\$53,000.00); and (v) the cost of settlement administration (estimated to be
26 approximately \$12,990.00). (Favarote Decl. ¶ 4, Exh. B). After deduction for Plaintiff’s
27 enhancement award, Plaintiff’s Counsels’ attorneys’ fees and expenses, and the settlement
28 administration costs, the resulting \$520,260.00 Net Settlement Amount will be paid 75% to the

1 LWDA (\$390,195.00) and 25% to the Aggrieved Employees (\$130,065.00), pursuant to Labor
2 Code section 2699(i).

3 100% of the Settlement Shares will be reported using IRS Form 1099s, since all funds are
4 for the settlement of civil penalties. Each Aggrieved Employee's Settlement share will be
5 calculated based on the ratio of his or her pay periods to all of the Aggrieved Employees' pay
6 periods worked for the Defendant on the 23 client accounts at issue during the Covered Period.
7 Based on the data provided to Plaintiff in discovery, Plaintiff extrapolated out the data from where
8 it ended in July of 2024 to October 15, 2024 and estimates that there are approximately 2,000
9 Aggrieved Employees that worked approximately 19,000 pay periods during the Covered Period.
10 (Favarote Decl. ¶ 20.) Based on that number, if the Court approves the Settlement and awards the
11 amounts sought for attorneys' fees and costs, Plaintiff's requested enhancement award, and
12 settlement administration costs, the average Aggrieved Employee's settlement share after the 75%
13 distribution to the LWDA will be approximately \$65.03, the minimum payment for just one pay
14 period worked is expected to be approximately \$6.84 and the maximum payment for an Aggrieved
15 Employee who worked the entire Settlement Period is expected to be approximately \$902.88.
16 (Favarote Decl. ¶ 21.)

17 **B. Funding And Distribution Of The Settlement**

18 Within 90 days after the approval by the Court, Defendant is required to fund the
19 Settlement. Plaintiff is still waiting for the Aggrieved Employee's updated information, which was
20 due on November 9, 2025 under the Settlement. Defendant's counsel has represented that
21 Defendant is still working on producing that information as people were away on "vacation."
22 (Favarote Decl. ¶ 22.) Upon receipt of this information, the Settlement Administrator shall: (i) run
23 the names of all Aggrieved Employees through the National Change of Address ("NCOA")
24 database to determine any updated addresses for the Aggrieved Employees; and (ii) update the
25 addresses of any Aggrieved Employees for whom an updated address was found through the
26 NCOA search.

27 Within ten (10) days after receiving the Settlement funding and Aggrieved Employees'
28 information, the Settlement Administrator shall mail the Settlement notice letter (in English and

Spanish) (Favarote Decl. ¶ 21, Exh. C) and individual PAGA payment to each Aggrieved Employee at his or her last known address or at the updated address found through the NCOA search and retain proof of mailing. Any Settlement packets returned to the Settlement Administrator as undelivered shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a “skip trace,” to obtain an updated mailing address. If an updated mailing address is identified, the Settlement Administrator shall resend the Settlement Packet to the Aggrieved Employee promptly.³

Any Settlement checks not cashed by the Aggrieved Employees within 120 days will be deposited with the California Controller’s Unclaimed Property Fund in the respective Aggrieved Employee’s name for future retrieval.

C. Scope Of The Release

The Aggrieved Employees are not waiving any claims except the PAGA claim that is the subject of this action for the Covered Period. The Settlement does not release any more than the civil penalties available under PAGA based on the facts alleged in Plaintiff’s August 1, 2023 operative complaint and the April 4, 2023 notice letter to the LWDA. (Favarote Decl. ¶ 7.) As defined above and in the Proposed Order, “Released PAGA Claims” means the PAGA claim alleged based on the facts and theories of liability set forth in the operative complaint and Plaintiff’s PAGA Notice to the LWDA dated April 4, 2023, for alleged violations of Labor Code sections 201, 202, 202(a), 203, 226, 226(a), 226(b), 226.7, 510, 512, 558, 558.1, 1174, 1175, 1194, 1194.2, 1197, 1197.1, 1198 and 2802, as well as the IWC Wage Orders for Defendant and the 23 clients of the Defendant listed below: 4EXCELSIOR; Calerie Health Hldg LLC.; Cosmetic Enterprises, Ltd.; Crafter Corporation; DG LOGISTICS; Expert Coatings & Graphics, Inc.; Fantasy Files Inc.; Fashion Logistics (Branch 80); Killer Merch, LLC-20630 PLUMMER; Killer Merch, LLC-9541 MASON; Lacerta Group, LLC; Linzer Products Corp.; NTDS 2- 80-MSP; O.C. Pallets; PINTO EXPRESS INC.; SANTA FE WAREHOUSE-COMMERCE; Sojo Industries; Sojo Industries (Nevada); Three Hands Corporation-Unloaders; Under Armour-Fontana; UNIQUE

³ All of this is noted in the Proposed Order and Judgment.

LOGISTICS INTERNATIONAL (90); UPS CA 01; and World Wide Logistics Group (NTDS) CA.

IV. THE COURT SHOULD APPROVE THE SETTLEMENT

A. Standards For Approval Of A PAGA Settlement

A PAGA claim is a form of a *qui tam* action. See Iskanian v. CLS Transportation Los Angeles LLC, 59 Cal. 4th 348, 382 (2014). When enacting PAGA in 2003, the California Legislature declared that adequate financing of enforcement is necessary to achieve maximum compliance with state labor laws, that staffing levels for labor law enforcement agencies in California had declined and were unlikely to keep pace with the future growth of the labor market, and that it was therefore in the public interest to allow aggrieved employees, acting as private attorneys general, to recover civil penalties for Labor Code violations, with the understanding that the State was to retain primacy over private enforcement efforts. See Arias v. Super. Ct., 46 Cal. 4th 969, 986-987 (2009). A plaintiff suing under PAGA does so as the proxy or agent of the State and represents the same legal right and interest as the State—namely, recovery of civil penalties that otherwise would have been assessed and collected by the LWDA. See Id.; Cal. Lab. Code, § 2699; Iskanian, 59 Cal.4th at 388 (“[A] PAGA litigant’s status as ‘the proxy or agent’ of the state is not merely semantic; it reflects a PAGA litigant’s substantive role in enforcing our labor laws on behalf of state law enforcement agencies.”) (internal citations omitted).

Fundamentally, “a PAGA action is a statutory action in which the penalties available are measured by the number of Labor Code violations committed by the employer.” Sakkab v. Luxottica Retail N. Am., Inc., 803 F.3d 425, 435 (9th Cir. 2015). Under the general provisions of the PAGA scheme, 75% of the civil penalties recovered goes to the State, while the remaining 25% goes to the alleged aggrieved employees. Cal. Lab. Code § 2699(i). Although PAGA penalties are mandatory and must be awarded by a court if a violation is found, the court “may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory.” (Id.), 2699(e)(2); see also Amaral v. Cintas Corp. No. 2, 163 Cal. App. 4th 1157, 1213 (2008).

1 Court approval of a PAGA settlement is governed by Labor Code section 2699(I)(2), which
2 provides, in relevant part: “The superior court shall review and approve any settlement of any civil
3 action filed pursuant to this part.” Unlike parties to a class action settlement, parties to a PAGA
4 settlement are not obligated to “satisfy class action requirements,” including the standards for class
5 action settlement approval. Arias, 46 Cal. 4th at 980-988 (affirming lower court’s holding that
6 “plaintiff need not satisfy class action requirements” to assert PAGA claim). Also, unlike a court
7 reviewing a class settlement, a court reviewing a PAGA settlement should not consider whether the
8 settlement provides “compensation” to private parties, since the action is not one for damages. See
9 (Id. at 986) (holding that action to recover civil penalties “is fundamentally a law enforcement
10 action designed to protect the public and *not* to benefit private parties”) (citing People v. Pac. Land
11 Research Co., 20 Cal. 3d 10, 17 (1997)) (emphasis supplied); see also Brown v. Ralphs Grocery
12 Co., 197 Cal. App. 4th 489, 499 (2011) (explaining that restitution is not the goal of PAGA;
13 instead, it is a law enforcement action designed to protect the public). An additional aspect of a
14 PAGA settlement that makes it different from a class settlement is that allegedly aggrieved
15 employees under PAGA are not parties to the action and are not clients of the plaintiff’s counsel;
16 therefore, “[u]nnamed employees need not be given notice of the PAGA claim, nor do they have
17 the ability to opt-out of the representative PAGA claim.” Ochoa-Hernandez v. Cjaders Foods, Inc.,
18 2010 WL 1340777 at *5 (N.D. Cal. 2010); see Williams v. Super. Ct., 3 Cal. 5th 531, 546-547
19 (2017) (explaining civil penalties recovered on State’s behalf are intended to “remediate present
20 violations and deter future ones,” *not* to redress employees’ injuries). Thus, the approval process of
21 a PAGA settlement is distinct from that in a class action settlement; there is no need for the Court
22 to employ the “two-step approval process” required under California Rule of Court 3.769.

23 In deciding whether to approve a PAGA settlement, a trial court has broad powers to
24 determine if the settlement is fair under the circumstances of the case. Mallick v. Sup. Ct., 89 Cal.
25 App. 3d 434, 438 (1979). In exercising these powers, the overriding concern is to ensure that a
26 settlement is “fair, adequate, and reasonable.” Dunk v. Ford Motor Co. (1996) 48 Cal.App.4th
27 1794, 1800, as modified (Sept. 30, 1996) (internal quotations omitted). Ultimately, where the
28 settlement is negotiated in good faith and “there is no indication that [the] amount was the result of

self-interest at the expense of other” aggrieved employees, the settlement is generally considered reasonable. Hopson v. Hanesbrands, Inc., No. CV-08-0844 EDL, 2009 WL 928133, at *9 (N.D. Cal. April 3, 2009).

B. The Settlement Is Reasonable And Effectuates PAGA’s Objectives

1. The Settlement Is Fair, Adequate And Reasonable

The Settlement has achieved the Legislature’s goals of deterring alleged future violations and recovering penalties for the State and has done so without burdening the State’s enforcement agencies. When reviewing a PAGA settlement, the Court must take into account the fact that settlement of a PAGA claim—like any settlement—involves a “compromise” that stops short of rendering findings of liability and damages. Ochoa-Hernandez, 2010 WL 1340777 at *4. There are considerable risks involved in this litigation, even before considering the risk of trial, which was scheduled 11 days after the MSC. While Plaintiff believes that her theories of liability are meritorious, there is uncertainty on how the Court would rule on these issues, Defendant’s ability to pay and the inevitable appeals to follow. In light of these risks, Plaintiff believes that the Settlement represents a more than reasonable compromise and recovery for the State and the aggrieved employees.⁴

The Settlement was reached after sufficient investigation and formal discovery, including 3 days of PMK depositions, 3 branch manager depositions, 1 regional vice president deposition, two days of Plaintiff’s deposition, hundreds of discovery requests propounded and responded to, more than 680,000 pages of documents produced in discovery, and more than two years of extremely hard fought litigation. It is understood that there are approximately 2,000 Aggrieved Employees in total who have worked an estimated 19,000 pay periods⁵ during the PAGA liability periods of April 4, 2022 through October 15, 2024.

The data provided and Plaintiff’s expert makes it clear that: 1) the total violation rate in this case is not 100% for the Aggrieved Employees; and 2) that although all of the Aggrieved Employees were not paid for all of the time spent working on the clock (i.e., had their time rounded

⁴ A full Kulner analysis is contained in the Favarote Declaration, ¶¶ 23-27.

⁵ The data already provided runs from March of 2022 to July 7, 2024, as such Plaintiff has had to extrapolate out the last two and a half months of pay periods based on the prior data.

1 or were underpaid) it was only to their detriment 60.9% of the time for a total of 10,487
2 unfavorable pay periods, not 100%, and the extent to which the underpayment affected employees
3 varied widely. (Favarote Decl. ¶ 23.) Additionally, the California Supreme Court in Camp v. Home
4 Depot U.S.A., 523 P.3d 391 (Cal. 2023) is set to decide whether rounding is legal in California at
5 all. There is a risk that the California Supreme Court will not rule favorably in that case or rule that
6 its decision is not retroactive, leaving in place an argument as to whether Defendant's rounding
7 policy was allowable under See's Candy Shops, Inc. v. Superior Ct., 210 Cal. App. 4th 889 (2012).
8 This is why for settlement we discounted the waiting time penalties claim for purposes of PAGA
9 for the lack of "willfulness" "The 10,487 pay periods with unfavorable rounding or not paying for
10 all work time, equate to approximately \$1,048,700.00 in potential PAGA penalties.

11 IWC Wage Order No. 4 (Cal. Code Regs., tit. 8, § 1104) requires California employers to
12 keep: "Time records showing when the employee begins and ends each work period, meal periods,
13 split shift intervals and total daily hours worked." Labor Code §§ 1198 and 1199 requires
14 employers to follow the IWC Wage Orders, and makes it a Labor Code violation to fail to comply
15 with the IWC Wage Orders. Labor Code § 1174 requires that employers keep accurate payroll
16 records. Defendant has failed to keep any record of when many of its employees started and ended
17 their meal periods and in many cases when they started and ended work for the day. Instead,
18 Defendant allows its clients to submit summaries of hours which often only include the total
19 number of hours worked. There are thousands of paper time records which show these record
20 keeping violations, resulting in at least 8,750 pay periods⁶ with violations. At a rate of \$100 per pay
21 period this results in \$875,000.00 in potential PAGA penalties. (Favarote Decl. ¶ 24.)

22 Defendant's failure to pay for all time worked, including rounding, as shown in the
23 electronic time and payroll information also results in wage statements that did not accurately
24 record the hours worked at each rate of pay, or the correct rates of pay. This information is required
25 by Labor Code §§ 226(a). This derivative claim could result in up to an additional \$1,544,700.00 in
26 derivative PAGA penalties. (81.3% of the pay periods had unfavorable rounding at least one time
27 so that is an additional 15,447 pay periods x \$100 = \$1,544,700.) (Favarote Decl. ¶ 25.)

28 ⁶ Some of these records contain multiple individuals per page.

1 The review of the electronic time records also showed approximately 4,650 pay periods
2 with a potential meal period violation for which our expert calculated an additional \$456,000.00 in
3 potential PAGA penalties. As far as rest breaks were concerned, many Aggrieved Employees
4 stated that they got breaks, although third rest breaks were an issue if they worked over 10 hours.
5 As such, we used 1 violation per month which is approximately \$475,000.00 in PAGA penalties.
6 For the expense reimbursement claim, since the cellular usage and mileage were minimal, we also
7 used 1 violation per month which equates to \$475,000.00 in potential PAGA penalties. Based on
8 the exposure noted above, which in aggregate total \$4,874,400,⁷ the \$925,000.00 settlement of
9 approximately 19% of the overall general exposure is reasonable. (Favarote Decl. ¶ 26.)

10 Defendant contends that pursuant to California Labor Code section 2699(e)(2), even if
11 liability were found, penalties properly would be substantially reduced. Carrington v. Starbucks
12 Corp., 30 Cal.App.5th 504, 520 (2018) (Approving a deduction of PAGA penalties to \$5.00 per
13 pay period.) (Favarote Decl. ¶ 27.)

14 In light of the foregoing considerations, the Settlement is fair and reasonable and avoids the
15 risks of proceeding through trial, which was only 11 days away at the time of the Mandatory
16 Settlement Conference. The Settlement for \$925,000.00 is well within the realm of reasonableness.
17 “The fact that a proposed settlement may only amount to a fraction of the potential recovery does
18 not, in and of itself, mean that the proposed settlement is grossly inadequate and should be
19 disapproved.” Linney v. Cellular Alaska Partnership, 151 F.3d 1234, 1242 (9th Cir. 1998) (internal
20 quotations omitted); see also Carrington v. Starbucks Corp., 30 Cal. App. 5th 504, 528 (2018)
21 (awarding only 0.21% of maximum recoverable PAGA penalties).

22 Plaintiff acknowledges that there is substantial uncertainty and risk should she proceed
23 through trial, and that even in the event that she prevailed, the Court still maintains discretion to
24 reduce any penalties awarded. Additionally, Defendant is temp agency with limited resources and
25 assets. Therefore, approval is appropriate since the Settlement will provide tangible, monetary
26 relief to the State and the Aggrieved Employees.

27
28 ⁷ \$1,048,700.00 + \$875,000.00 + \$1,544,700.00 + \$456,000.00 + \$475,000.00 +
\$475,000.00 = \$4,874,400.00.

1 The Settlement is also consistent with the State's public policy favoring the resolution of
2 disputes. California law favors the settlement of disputes because settlement is efficient; it reduces
3 costs, saves resources, and minimizes court congestion. The parties are best positioned to
4 understand their interests and resolve a dispute in a mutually beneficial manner without court
5 intervention into the settlement. Neary v. Regents of Univ. of Cal., 3 Cal. 4th 273, 277-278 (1992).

6 The Settlement was reached following arm's length bargaining with experienced wage-and-
7 hour attorneys and the help of a sitting judge with an extensive wage and hour background. The
8 Settlement was reached at the end of a process that was neither fraudulent nor collusive. To the
9 contrary, counsel for the parties advanced their respective positions throughout the Settlement
10 negotiations.

11 **C. The Scope Of The Release Is Appropriately Limited**

12 As it relates to the Aggrieved Employees, the Settlement only resolves the PAGA claim for
13 the Labor Code violations alleged in this action. The Aggrieved Employees are not releasing any
14 non-PAGA claims or any individual claims under the Labor Code and are not releasing anything
15 but the civil penalties available under PAGA based on the facts alleged in Plaintiff's operative
16 complaint and her notice letter to the LWDA. The Release PAGA Claims as noted in the Proposed
17 Order is as follows: "Released PAGA Claims" means the PAGA claims alleged based on the facts
18 and theories of liability set forth in the operative complaint and Plaintiff's PAGA Notice to the
19 LWDA dated April 4, 2023, for alleged violations of Labor Code sections 201, 202, 202(a), 203,
20 226, 226(a), 226(b), 226.7, 510, 512, 558, 558.1, 1174, 1175, 1194, 1194.2, 1197, 1197.1, 1198
21 and 2802, as well as the IWC Wage Orders for Defendant and the 23 clients of the Defendant listed
22 below: 4EXCELSIOR; Calerie Health Hldg LLC.; Cosmetic Enterprises, Ltd.; Craftech
23 Corporation; DG LOGISTICS; Expert Coatings & Graphics, Inc.; Fantasy Files Inc.; Fashion
24 Logistics (Branch 80); Killer Merch, LLC-20630 PLUMMER; Killer Merch, LLC-9541 MASON;
25 Lacerta Group, LLC; Linzer Products Corp.; NTDS 2- 80-MSP; O.C. Pallets; PINTO EXPRESS
26 INC.; SANTA FE WAREHOUSE-COMMERCE; Sojo Industries; Sojo Industries (Nevada); Three
27 Hands Corporation-Unloaders; Under Armour-Fontana; UNIQUE LOGISTICS
28 INTERNATIONAL (90); UPS CA 01; and World Wide Logistics Group (NTDS) CA.

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Dated: January 23, 2026


Torey Joseph Favarote
District Attorney

Attorneys for Plaintiff Maria Reyes on
behalf of all aggrieved employees

PROOF OF SERVICE

I, Thomas Steinhart, declare:

I am and was at the time of the service mentioned in this declaration, employed in the County of Los Angeles, California. I am over the age of 18 years and not a party to the within action. My business address is Gleason & Favarote, LLP, 3646 Long Beach Blvd., Suite 203, Long Beach, CA 90807.

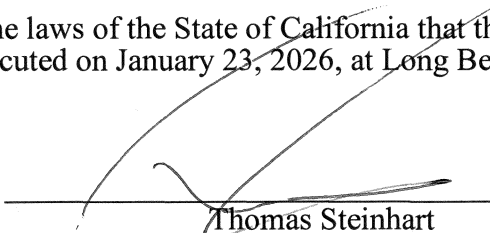
On January 23, 2026, I served a copy(ies) of the following document(s):

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF PAGA ACTION SETTLEMENT; APPOINTMENT OF SETTLEMENT ADMINISTRATOR; APPROVAL OF PAGA NOTICE; APPROVAL OF ENHANCEMENT AWARD; AND APPROVAL OF ATTORNEYS' FEES AND COSTS
on the parties to this action as follows:

Attorney	Party(ies) Served	Method of Service
Stacey M. Cooper, Esq. STACEY COOPER LAW, PC 888 Prospect Street, Suite 200 La Jolla, CA 92037 Phone: 619-673-5022 stacey@cooperlawpc.com corbyns@cooperlawpc.com sandra@cooperlawpc.com	Lyneer Staffing Solutions, LLC	One Legal, LLC

- ☐ [BY OVERNIGHT COURIER] I caused the sealed envelope(s) to be delivered by a commercial courier service for overnight delivery to the offices of the addressee(s).
- ☐ [BY HAND] I directed the sealed envelope(s) to the party(ies) so designated on the service list to be delivered by Ace Attorney Service, Inc. this date.
- ☒ [BY DESIGNATED ELECTRONIC FILING SERVICE] I hereby certify that the above-referenced document(s) were served electronically on the parties listed herein at their most recent known email address or email of record by submitting an electronic version of the document(s) to One Legal, LLC, through the user interface at www.onelegal.com.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct, and that this declaration was executed on January 23, 2026, at Long Beach, California.


Thomas Steinhart