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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

MARIA REYES, on behalf of all aggrieved employees, Plaintiff, vs. LYNEER STAFFING SOLUTIONS, LLC, a Delaware Limited Liability Corporation; and DOES 1-40, inclusive, Defendants.	Case No. CIVSB2317672 **AMENDED 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: April 22, 2026 Time: 8:30 a.m. Judge: Hon. Stephanie Tanada Dept.: S33 Action Filed: August 1, 2023 Trial Date: None

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I. INTRODUCTION AND SUMMARY OF ARGUMENT

Pursuant to the California Labor Code Private Attorneys General Act ("PAGA"), Cal. Lab. Code § 2698 *et seq.*, plaintiff Maria Reyes ("Plaintiff") seeks approval of the $925,000.00 PAGA settlement reached in this action (the "Settlement") with defendant Lyneer Staffing Solutions, LLC ("Defendant") just 11 days before trial at the Mandatory Settlement Conference conducted by the Honorable Joseph T. Ortiz on October 9, 2025. The Settlement resolves Plaintiff's claims for civil penalties under PAGA with respect to an estimated 1,900 employees of the Defendant that were placed with 23 specific clients of Lyneer (the "Aggrieved Employees")[1] for the time period of April 4, 2022 to October 15, 2024 (the "PAGA Settlement Period"). In violation of both the stipulated settlement on the record and the parties' long form agreement, Defendant still has refused to provide Plaintiff's counsel with an updated list of Aggrieved Employees, despite multiple requests. Declaration of Torey Joseph Favarote ("Favarote Decl.") ¶¶ 3-8, Exhs. 1-3. However, based on what was represented to the Court by Defendant as the production of all the time and payroll records for every non-exempt employee in California from April 4, 2022 to July 7, 2024, Plaintiff's expert reviewed those time and payroll records for the Aggrieved Employees and has extrapolated out the data for the remaining 14 weeks not covered by Defendant's Court ordered production. Nevertheless, Plaintiff's expert's extrapolation for the additional 14 weeks covered by the Settlement (July 7, 2024 – October 15, 2024) shows that there are approximately 1,877 Aggrieved Employees who worked approximately 18,957 pay periods during the total PAGA Settlement Period which we have rounded up to 2,000 and 19,000 respectively in order to add a buffer.[2] Favarote Decl. ¶¶ 8, 12 Exh. 6.[3]

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[1] The Settlement covers Lyneer's employees that worked for and/or at the following clients who Plaintiff alleges were joint/co-employers of the Aggrieved Employees and are also covered by the PAGA releases in the case: 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.

[2] Defendant has represented without any proof that it estimates that the number of Aggrieved Employees is 7,646 and the number of pay periods is 101,741. These numbers are grossly overstated. Defendant is trying to shoehorn in every employee that worked on over 130 client contracts into the Settlement, and has admitted that it has not gone through the records to

The relief provided for under the Settlement is solely for settlement of the Aggrieved Employees' claims for civil penalties under PAGA.[4] Plaintiff has provided complete copies of the fully executed Settlement Agreement, the proposed notice to the Aggrieved employees (in English and Spanish), and all of the papers filed in connection with this motion to the LWDA immediately before filing them with the Court. The Settlement Agreement, PAGA Notice Letter, and the Operative Complaint in this matter are all attached to the Favarote Decl. as Exhibits 2, 8, and 9 respectively.

The Settlement provides for $925,000.00, less the cost of settlement administration by Apex Class Action LLC (up to $12,990.00), the proposed enhancement payment to the named Plaintiff for bringing this matter on behalf of the LWDA and Aggrieved Employees ($10,000.00), Plaintiff's counsels' proposed attorneys' fees of 33% ($305,250.00) and litigation costs (up to $53,000.00) for a total of $543,760.00 to the LWDA and Aggrieved Employees. Pursuant to PAGA, 75% of the remainder, $407,820.00, will be distributed to the LWDA, and 25% of the

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assert how many weeks the employees in question **actually worked** for the 23 clients at issue. Instead, Defendant admitted it just looked at start and end dates for everyone and assumed that all of these temporary employees who by the nature of their job work intermittently, actually worked the entire PAGA Settlement Period at the 23 client locations at issue. Defendant's estimate is not based on an actual review of the time and payroll records that the Court ordered produced in the case. Plaintiff's counsel has asked the Defendant for the "receipts" to back up their unsubstantiated claim by identifying the Bates numbers in the production which show that all of these individuals worked on the 23 clients at issue. Conversely, Plaintiff's counsel provided Defendant's counsel with the Bates numbers from the Defendant's own production to verify its count. Defendant's counsel has repeatedly stated on the record that it provided a complete production by December 31, 2024 as ordered by the Court. (Favarote Decl. ¶ 8.) **Our review of the "complete payroll records" that were provided for the time period of April 4, 2022 to July 7, 2024 for *all employees who worked at every single client* (not just the 23 covered by the Settlement) is only 6,847.** The number of Aggrieved Employees who actually worked at the 23 covered clients is only 1,797 based on Plaintiff's expert's review of the actual data. It is simply beyond credulity that Defendant hired more than 5,800 employees at these 23 clients during the time period of July 8, 2024 to October 15, 2024. Defendant has had since October 9, 2025 to get this information that it originally agreed to produce by November 9, 2025 at the MSC. It has been almost 6 months and the Defendant still has not done what it is obligated to do under the Settlement. Plaintiff's expert's extrapolation for the entire Settlement Period is 1,877 employees and 18,957 pay periods. (Expert James Toney Decl. ¶ 7 attached to Favarote Decl. as Exhibit 6.)

[3] Plaintiff requests that in addition to approving the Settlement the Court order Defendant to produce the updated data for these additional 14 weeks so that Plaintiff's expert can finalize the number of Aggrieved Employees and pay periods.

[4] Other than the PAGA claim, the Settlement does not resolve any individual Labor Code claims that could be brought by the Aggrieved Employees, with the sole exception of Maria Reyes who is releasing all of her claims known and unknown pursuant to the Settlement. The Settlement is also not releasing the claims of anyone that did not work for the Defendant on the 23 accounts at issue during the Covered Period. (Favarote Decl. ¶ 2, 16.)

remainder, $135,940.00, will be distributed to the Aggrieved Employees. If the Court approves the Settlement and all amounts sought, the average Aggrieved Employees' settlement share for PAGA penalties is estimated to be approximately $67.97 ($135,940.00 ÷ approximately 2,000 Aggrieved Employees = $67.97), the minimum payment for just one pay period worked is expected to be approximately $7.15 and the maximum payment for an Aggrieved Employee who worked the entire Settlement Period is expected to be approximately $930.12. (Favarote Decl. ¶ 30.)

Total Settlement Amount:	**$925,000.00**
Minus Court-approved attorneys' fees (33%):	$305,250.00
Minus Court-approved attorneys' costs:	$53,000.00
Minus Court-approved enhancement award:	$10,000.00
Minus Settlement administration cost:	$12,990.00
Net Settlement Amount:	$543,760.00
Minus LWDA's 75% Share:	$407,820.00
Total Paid to Aggrieved Employees:	$135,940.00

"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. (Favarote Decl. Exhibit 3, § I.K, N.)

As the payments to the Aggrieved Employees are only for PAGA penalties with no settlement of any underlying claims, all payments to the Aggrieved Employees are treated entirely as penalties for tax purposes and form 1099s will be issued to the Aggrieved Employees. (Favarote Decl. Exhibit 2, § III.C.1.) Any unclaimed funds will be deposited with the California State Controller's Unclaimed Property Fund in the name of the Aggrieved Employees to whom they are owed for later retrieval. (Favarote Decl. Exhibit 2, § III.G.) None of the Settlement proceeds will revert to Defendant.

Plaintiff's counsel has performed significant work litigating this case, which was settled only 11 days before trial. (Favarote Decl. ¶ 3.) 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 Person Most Knowledgeable ("PMK") depositions; defended Plaintiff for two days of deposition; took the deposition of three of Defendant's branch managers and the Regional Vice President; interviewed dozens of Aggrieved Employees; responded to 156 special interrogatories; responded to multiple sets of form interrogatories; propounded more than 150 discovery requests; attended at least a dozen discovery related conferences with the Court; retained an expert to review and analyze Defendant's electronic time and payroll records that were produced; and attended a Mandatory Settlement Conference with Judge Ortiz which finally resulted in the Settlement. (Favarote Decl. ¶¶ 21-22.) Plaintiff's counsel's hard work has paid off for the State of California and the Aggrieved Employees securing a Settlement.

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

II. <u>BACKGROUND</u>

A. Procedural Background

On April 4, 2023, Plaintiff sent a PAGA notice to the LWDA and Defendant describing the Labor Code violations alleged in this action and Plaintiff's theories of liability. (Favarote Decl. ¶ 19.) The gravamen of Plaintiff's case is that the Aggrieved Employees were not paid for all time worked on the clock or under the Defendant's control. The Aggrieved Employees had their time rounded and were not paid for all time worked (including minimum, regular and overtime) under the Defendant's or its clients' control, nor were they all paid at the correct rate of pay including overtime after 8 hours of work in a day. (Favarote Decl. ¶ 14, Exhs. 7, 8.)

Plaintiff also alleges that Defendant and its clients failed to provide legally adequate and/or the correct number of meal periods and rest breaks where they were relieved of all duty, or that were timely, or for the full time required under the law and did not reimburse employees for all necessary work related expenses like mileage and cellular telephone usage as some employees used their personal telephones to record and document their work time, and to communicate with the Defendant as they worked at an off-site client location, and had some work related travel. Plaintiff also alleges derivative theories of liability for the failure to keep accurate time records of when all work periods began and ended, and for derivative wage statement violations and waiting time penalties. (Favarote Decl. ¶ 14, Exhs. 7, 8.)

On August 1, 2023, Plaintiff filed her complaint in this Court alleging a single cause of action under PAGA for: (i) failure to pay all overtime wages in violation of Labor Code §§ 510, 1194, 1198, 558, 558.1, and the IWC Wage Orders; (ii) failure to reimburse necessary business expenses in violation of Labor Code § 2802; (iii) failure to pay minimum wages for off the clock work in violation of Labor Code §§ 558, 558.1, 1194, 1197, 1198 and the IWC Wage Orders; (iv) failure to pay waiting time penalties in violation of Labor Code §§ 201-203; (v) failure to provide accurate wage statements and keep accurate business records in violation of Labor Code §§ 226 and 1174; and (vi) failure to provide meal periods and rest breaks or compensation in lieu thereof in violation of Labor Code §§ 512 and 226.7. (Favarote Decl. ¶ 20, Exh. 8.)

B. Discovery And Investigation Of Facts

Plaintiff's counsel has conducted significant investigation since the inception of this action, as detailed in the Favarote Declaration filed concurrently herewith. Plaintiff's counsel took three days of PMK depositions, two days of which required counsel to fly to New York. (Favarote Decl. ¶ 21.) Plaintiff's counsel also took the depositions of three of Defendant's branch managers, and the California Regional Vice President. (Favarote Decl. ¶ 21.) Plaintiff's counsel also interviewed dozens of the Aggrieved Employees themselves and defended Plaintiff at her deposition for two days. (Favarote Decl. ¶¶ 22, 38.)

Plaintiff's counsel's was required to perform a significant amount of work to obtain discovery in this case, and was required to file two discovery motions (that resulted in sanctions) and attend at least a dozen IDCs and discovery related conferences with the Court. (Favarote Decl. ¶ 21.) Plaintiff's counsel prevailed on these motions, compelling the production of more than 680,000 pages of documents and hundreds of pages of supplemental responses, all of which required careful review and further meet and confer efforts both in and out of court. (Favarote Decl. ¶ 21.) Plaintiff's counsel also spent significant time evaluating and performing both an in house analysis of the paper time records and retained an expert to review the electronic time and payroll records. Plaintiff's counsel also had to retain a service provider to input hundreds of thousands of paper and handwritten time entries where the clock in/out times had to be manually entered in Excel for analysis. (Favarote Decl. ¶¶ 21-22.)

Plaintiff's counsels' investigation also included reviewing all of Defendant's policies, procedures and practices applicable during the relevant time period; and propounding and responding to more than 300 written discovery items. (Favarote Decl. ¶ 21.)

C. Mandatory Settlement Conference

Just 11 days before trial, on October 9, 2025 the parties attended a MSC with Judge Joseph T. Ortiz. Plaintiff took time off of work to personally attend that conference on short notice. Ultimately the parties reached an agreement proposed by Judge Ortiz and entered into a settlement agreement that is enforceable under § 664.6 on the record before the Court. A copy of the transcript of the MSC is attached as **Exhibit 1** to the Favarote Declaration. (Favarote Decl. ¶ 3, Exh. 1.)

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

As a part of the Settlement that was entered on the record with Judge Ortiz, Defendant was required to provide Plaintiff's counsel with an updated list of the number of aggrieved employees and the number of pay periods that they worked on the 23 client accounts at issue during the Covered Settlement Period by November 9, 2025. (Favarote Decl. ¶¶ 3-4, Exh. 1.) On November 26, 2025, Plaintiff sent a draft of the long form agreement to Defendant, but it was not until February 10, 2026 that the Defendant provided comments and redlines on the long form agreement.

This was only after the Court set an OSC regarding Defendant's failure to do so. On February 18, 2026, the long form settlement agreement was fully executed. (Favarote Decl. ¶ 6, Exh. 2.) As part of the Agreement, Defendant was required to provide an updated list of the Aggrieved Employees and the pay periods they worked to Plaintiff's counsel no later than February 20, 2026. This is the same data that the Defendant agreed to produce by November 9, 2025 at the MSC. (Favarote Decl. ¶ 3, Exh. 1, Page 5, Lines 8-27, Exh. 2 Page 5, § III.E.) After having almost six months (October 9, 2025 – March 30, 2026) to collect the data. Defendant and its counsel have completely failed to do so. (Favarote Decl. ¶ 7, Exh. 3.) Plaintiff's counsel has been asking for this information since November of 2025. (Id.)

Without providing any of the supporting data to Plaintiff, Defendant claims that the proposed Settlement covers 7,646 Aggrieved Employees and 101,741 workweeks. (Favarote Decl. ¶ 8, Exh. 3.) These numbers are impossible given the fact that the "complete" payroll records that were produced for the time period of April 4, 2022 to July 7, 2024 show that only 1,797 Aggrieved Employees worked approximately 16,926 pay periods at the 23 client locations covered by the Settlement. (Favarote Decl. ¶ 9-10, Exhs. 4, 5, 6; Toney Decl. ¶ 6; attached as Exh. 7 to Favarote Decl.) An increase of more than 5,800 Aggrieved Employees and more than 83,000 pay periods from July 7, 2024 to October 15, 2024 is false. Of note, in the total production that covered over 130 clients there were only 6,847 employees in the data for the period of April 4, 2022 to July 7, 2024. (Toney Decl. ¶ 5, attached as Exh. 6 to Favarote Decl.) Defendant is clearly attempting to shoehorn in every single employee into the Settlement, not just those that worked on the 23 clients covered by the Settlement. To get to the bottom of the issue Plaintiff's counsel has provided Defendant's counsel with the Bates numbers from Defendant's own production to verify its employee and pay period counts that were provided by its expert. Plaintiff's counsel has repeatedly asked Defendant's counsel for the "receipts" to substantiates their figures and the Bates numbers from their own production to verify their claim. As has been Defendant's counsel's pattern and practice throughout the litigation, every single request is ignored and requires Court intervention. Plaintiff's expert's review of Defendant's own time and payroll records show that there are only approximately 1,877 Aggrieved Employees who worked 18,957 pay periods during the PAGA

Release Period. (Favarote Decl. ¶ 12, Exh. 6; Toney Decl. ¶ 7.)

E. Related Cases

In accordance with the Court's guidelines on motions for approval of PAGA settlements below are the following related cases which were disclosed in discovery in this matter:

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

On February 20, 2026, Defendant disclosed two more cases which it represents will be impacted by the Settlement, Gary Aldana v. Lacerta Group, LLC, et al., - Los Angeles County Superior Court, Case No. 25STCV24878 and Ernesto Magallon v. SP Craftech I LLC, et al., - Orange County Superior Court, Case No. 30-2025-01459077-CU-OE-CXC. (Favarote Decl. ¶ 24, Exh. 11.) On March 18, 2026, Defendant filed its first and only notice of related cases in our case, disclosing only the case of Kenia Acevedo, et al. v. Bon Appetit Danish, Inc., et al., Case No. 25STCV30327. (Favarote Decl. ¶ 24, Exh. 9.) This Settlement would resolve the Released PAGA Claims as defined above and in the long form Settlement Agreement, for the Aggrieved Employees of the Defendant for the time period of April 4, 2022 through October 15, 2024 (Favarote Decl. ¶¶ 2, 11, Exhs. 1, 2.)

III. SUMMARY OF THE PROPOSED SETTLEMENT

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

A. Principal Terms

Defendant will pay $925,000.00 (the "Total Settlement Amount") in settlement of the action on a PAGA representative basis for the approximately 2,000 Aggrieved Employees. The Total Settlement Amount will cover: (i) the payment to the LWDA for its share of civil penalties pursuant to PAGA, Cal. Lab. Code § 2699(i); (ii) the Settlement Shares to the aggrieved employees; (iii) Plaintiff's proposed enhancement award (requested to be $10,000.00); (iv) Plaintiff's counsels' proposed reasonable fees (requested to be 33%, or $305,250.00) and litigation costs up to ($53,000.00); and (v) the cost of settlement administration (estimated to be approximately $12,990.00). (Favarote Decl. ¶ 13, Exh. 2). After deduction for Plaintiff's enhancement award, Plaintiff's counsels' attorneys' fees and expenses, and the settlement administration costs, the resulting $543,760.00 Net Settlement Amount will be paid 75% to the LWDA ($407,820.00) and 25% to the Aggrieved Employees ($135,940.00), pursuant to Labor Code section 2699(i).

100% of the Settlement Shares will be reported using IRS Form 1099s, since all funds are for the settlement of civil penalties. Each Aggrieved Employee's Settlement share will be calculated based on the ratio of his or her pay periods to all of the Aggrieved Employees' pay periods worked during the Covered Period. If the Court approves the Settlement and awards the amounts sought for attorneys' fees and costs, Plaintiff's requested enhancement award, and settlement administration costs, the average Aggrieved Employee's settlement share after the 75% distribution to the LWDA will be approximately $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 $930.12. (Favarote Decl. ¶ 30.)

B. Funding And Distribution Of The Settlement

Within 90 days after the approval by the Court, Defendant is required to fund the Settlement. Upon receipt of Aggrieved Employee's updated information, the Settlement Administrator shall: (i) run the names of all Aggrieved Employees through the National Change of Address ("NCOA") database to determine any updated addresses for the Aggrieved Employees; and (ii) update the addresses of any Aggrieved Employees for whom an updated address was found through the NCOA search.

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

Spanish) (Favarote Decl. ¶¶ 6, 30, Exhs. 2 §III.F, 11) 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.

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. (Favarote Decl. ¶ 6, Exh. 2, ¶ § III.G.) None of the settlement amount will revert to Defendant.

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. ¶ 14.) 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.; 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. (Favarote Decl. ¶ 6, Exh. 2, § I.K.)

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).

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

In deciding whether to approve a PAGA settlement, a trial court has broad powers to determine if the settlement is fair under the circumstances of the case. Mallick v. Sup. Ct., 89 Cal. App. 3d 434, 438 (1979). In exercising these powers, the overriding concern is to ensure that a settlement is "fair, adequate, and reasonable." Dunk v. Ford Motor Co. (1996) 48 Cal.App.4th 1794, 1800, as modified (Sept. 30, 1996) (internal quotations omitted). Ultimately, where the 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., 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' 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.[5]

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 periods[6] 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 or were underpaid) it was only to their detriment 60.9% of the time for a total of 10,487

[5] A full Kullar analysis is contained in the Favarote Declaration, ¶¶ 32-36.

[6] The data already provided runs from March of 2022 to July 7, 2024, as such Plaintiff has had to extrapolate out the 14 weeks of pay periods based on the underlying data.

unfavorable pay periods, not 100%, and the extent to which the underpayment affected employees varied widely. (Favarote Decl. ¶ 32.) Additionally, the California Supreme Court in Camp v. Home Depot U.S.A., 523 P.3d 391 (Cal. 2023) is set to decide whether rounding is legal in California at all. There is a risk that the California Supreme Court will not rule favorably in that case or rule that its decision is not retroactive, leaving in place an argument as to whether Defendant's rounding policy was allowable under See's Candy Shops, Inc. v. Superior Ct., 210 Cal. App. 4th 889 (2012). This is why for settlement we discounted the waiting time penalties claim for purposes of PAGA for the lack of "willfulness." The 10,487 pay periods with unfavorable rounding or not paying for all work time, equate to approximately $1,048,700.00 in potential PAGA penalties.

IWC Wage Order No. 4 (Cal. Code Regs., tit. 8, § 1104) requires California employers to keep: "Time records showing when the employee begins and ends each work period, meal periods, split shift intervals and total daily hours worked." Labor Code §§ 1198 and 1199 requires employers to follow the IWC Wage Orders, and makes it a Labor Code violation to fail to comply with the IWC Wage Orders. Labor Code § 1174 requires that employers keep accurate payroll records. Defendant has failed to keep any record of when many of its employees started and ended their meal periods and in many cases when they started and ended work for the day. Instead, Defendant allows its clients to submit summaries of hours which often only include the total number of hours worked. There are thousands of paper time records which show these record keeping violations, resulting in at least 8,750 pay periods[7] with violations. At a rate of $100 per pay period this results in $875,000.00 in potential PAGA penalties. (Favarote Decl. ¶ 33.)

Defendant's failure to pay for all time worked, including rounding, as shown in the electronic time and payroll information also results in wage statements that did not accurately record the hours worked at each rate of pay, or the correct rates of pay. This information is required by Labor Code § 226(a). This derivative claim could result in up to an additional $1,544,700.00 in derivative PAGA penalties. (81.3% of the pay periods had unfavorable rounding at least one time so that is an additional 15,447 pay periods x $100 = $1,544,700.) (Favarote Decl. ¶ 34.)

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[7] Some of these records contain multiple individuals per page.

The review of the electronic time records also showed approximately 4,650 pay periods with a potential meal period violation for which our expert calculated an additional $456,000.00 in potential PAGA penalties. As far as rest breaks were concerned, many Aggrieved Employees stated that they got breaks, although third rest breaks were an issue if they worked over 10 hours. As such, we used 1 violation per month which is approximately $475,000.00 in PAGA penalties. For the expense reimbursement claim, since the cellular usage and mileage were minimal, we also used 1 violation per month which equates to $475,000.00 in potential PAGA penalties. Based on the exposure noted above, which in aggregate total $4,874,400,[8] the $925,000.00 settlement of approximately 19% of the overall general exposure is reasonable. (Favarote Decl. ¶ 35.)

Defendant contends that pursuant to California Labor Code section 2699(e)(2), even if liability were found, penalties properly would be substantially reduced. Carrington v. Starbucks Corp., 30 Cal.App.5th 504, 520 (2018) (Approving a deduction of PAGA penalties to $5.00 per pay period.) (Favarote Decl. ¶ 36.)

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

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

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[8] $1,048,700.00 + $875,000.00 + $1,544,700.00 + $456,000.00 + $475,000.00 + $475,000.00 = $4,874,400.00.

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

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

C. The Scope Of The Release Is Appropriately Limited

As it relates to the Aggrieved Employees, the Settlement only resolves the PAGA claim for the Labor Code violations alleged in this action. The Aggrieved Employees are not releasing any non-PAGA claims or any individual claims under the Labor Code and are not releasing anything but the civil penalties available under PAGA based on the facts alleged in Plaintiff's operative complaint and her notice letter to the LWDA. The Release PAGA Claims as noted in the Proposed Order is as follows: "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.

V. CONCLUSION

For all of the foregoing reasons, the Plaintiff respectfully requests that this Court grant her 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.

Dated: March 30, 2026

GLEASON & FAVAROTE LLP
TOREY JOSEPH FAVAROTE
DAVID H. DANNING

Torey Joseph Favarote

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 March 30, 2026, I served a copy(ies) of the following document(s):

AMENDED 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	By Hand and 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 March 30, 2026, at Long Beach, California.

Thomas Steinhart