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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

CARLOS GUILLERMO PEREZ
GRAJEDA, individually and on behalf of
all others similarly situated,

Plaintiffs,

v.

ROCKET LAB USA, INC.; and DOES 1
through 20, inclusive,

Defendants.

Case No. 23STCV12065

*Assigned for All Purposes to:
Judge Upinder Kalra
Dept. 51*

**PLAINTIFF'S NOTICE OF MOTION AND
MOTION FOR APPROVAL OF PAGA
SETTLEMENT**

Date: May 15, 2025
Time: 9:00 a.m.
Dept.: 51
Reservation No. 728838371571

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Carlos Guillermo Perez Grajeda ("Plaintiff") seeks approval of a settlement of claims under the Private Attorneys General Act of 2004, California Labor Code § 2698 *et seq.* ("PAGA") against Defendant Rocket Lab USA, Inc. ("Defendant") in the amount of \$175,000. Plaintiff alleges approximately 220 non-exempt, aggrieved employees who worked for Defendant were not paid at least minimum wages for all hours worked, not paid proper overtime compensation, not provided with meal periods and/or rest breaks or compensation in lieu thereof, not provided with accurate wage statements, were not reimbursed for necessary business expenses, and were not paid all wages owed upon separation of employment.

Under Labor Code § 2699(1)(2), the Court must review and approve any proposed PAGA settlement. Here, the proposed Settlement is sufficient to deter and punish future violations. The Settlement is attached to the Declaration of Kristy R. Connolly ("Connolly Decl.") as **Exhibit 1**, and the proposed letter to be sent to the aggrieved employees is attached thereto as **Exhibit A**. Plaintiff now seeks this Court's approval of the Settlement terms.

II. FACTUAL AND PROCEDURAL BACKGROUND

On May 30, 2023, Plaintiff's counsel sent a letter to the California Labor & Workforce Development Agency ("LWDA") via online submission and to Defendant via certified mail regarding Defendant's alleged violations. *See* Connolly Decl., ¶ 3, Exhibit 2. ("Connolly Decl."). The LWDA did not respond to this notice within 65 days, indicating it did not intend to investigate, thus allowing Plaintiff to file the instant lawsuit pursuant to Labor Code Section 2699.3(a)(2)(A). *Id.*

On May 30, 2023, Plaintiff filed this action as a putative class action, alleging that, Defendant failed to: (1) pay minimum wages, (2) pay overtime wages, (3) provide lawful meal periods or compensation in lieu thereof, (4) authorize or permit lawful rest breaks or provide compensation in lieu thereof, (5) reimburse necessary business expenses, (6) provide accurate itemized wage statements, (7) timely pay all wages during employment, (8) pay all wages timely upon separation of employment and, (9) abide by the requirements of California Business and

1 Professions Code Section 17200 *et seq.* Connolly Decl., ¶ 4. On August 11, 2023, Plaintiff filed a
2 First Amended Complaint to add a cause of action under PAGA. *Id.*

3 Due to the presence of an arbitration agreement with a class action waiver, Plaintiff
4 dismissed his class claims, leaving only the representative PAGA claim in the action. Connolly
5 Decl., ¶ 5.

6 The Parties agreed to attend early mediation. Connolly Decl., ¶ 6. In advance of mediation,
7 Defendant informally produced a significant amount of documents, including Plaintiff's personnel
8 file, relevant policy documents, and a sample of employees' time and pay records. *Id.* Plaintiff's
9 Counsel engaged an expert to quantify the potential exposure using the time and payroll records,
10 and then assessed the risks associated with each of the claims. *Id.*

11 The parties attended mediation on June 13, 2024, with Ann Kotlarski, Esq., a respected
12 wage and hour mediator. Connolly Decl., ¶ 7. After a full day of negotiating, the Parties agreed to
13 a settlement amount and executed a Memorandum of Understanding with the material terms the
14 parties had agreed to. *Id.* The Parties spent the next few months negotiating the terms of the
15 Settlement, which was finalized in January of 2025. *Id.*

16 Plaintiff provided notice of the Settlement and this Motion to the LWDA on February 12,
17 2025. Connolly Decl., ¶ 8, Exhibit 3.

18 **III. PAGA REQUIREMENTS**

19 Based on the California Supreme Court's opinions in *Arias v. Superior Court*, 46 Cal. 4th
20 969 (2009), and *Iskanian v. CLS Transportation Los Angeles, LLC*, 59 Cal. 4th 348 (2014),
21 Plaintiffs can seek appropriate civil penalties as called for under PAGA on behalf of the State of
22 California and other similarly aggrieved employees without seeking class certification or meeting
23 the requirements of class certification (i.e. numerosity, typicality, commonality and adequacy). As
24 such, the class action two-step preliminary and final approval process is not required.

25 PAGA was enacted to allow enforcement of the Labor Code and recovery of penalties by
26 the State and by private individuals who have been aggrieved by their employers. The statute calls
27 for 75% of any penalties recovered to be paid to California's LWDA and the remaining 25% to the
28

1 aggrieved employees (Cal. Lab. Code § 2699(i) (2016)).

2 In order to enforce and seek penalties under PAGA in a civil action, an aggrieved employee
3 must first provide written notice to the LWDA and the employer of the particular Labor Code
4 violations the aggrieved employee alleges the employer has violated. *See* Cal. Labor Code §
5 2699.3(a)(1)(A) (2016). Once the LWDA notifies the aggrieved employee that it does not intend to
6 investigate the alleged violations, or if the LWDA does not respond within a certain time period,
7 the aggrieved employee is then allowed to proceed in a civil action against the employer on behalf
8 of the LWDA and all other similarly aggrieved employees. *See* Cal. Labor Code § 2699.3(a)(2)(A)
9 (2016).

10 In 2009, the California Supreme Court considered the issue of whether an aggrieved
11 employee who brings a PAGA representative claim needs to meet class certification requirements.
12 *Arias*, 46 Cal. 4th at 976. After a substantial review of the legislative history of PAGA, the Court
13 held that an aggrieved employee's representative action brought on behalf of other aggrieved
14 employees against an employer for PAGA violations does not need to meet the requirements for
15 class certification. *Id.* at 975, 980-88. As the Court held, a plaintiff bringing suit under PAGA does
16 so as the proxy or agent of California's labor law enforcement agencies. *Id.* at 986. Because the
17 employee's PAGA action functions as a substitute for an action brought by the government itself, a
18 judgment in the PAGA action binds all those who would be bound by a judgment in an action
19 brought by the government. *Id.*

20 Finally, in a settlement of a PAGA action brought by an aggrieved employee, the court
21 need only "review and approve" the settlement. Cal. Lab. Code § 2699(1)(2) (2016). The Parties
22 to this current PAGA action have reached such an agreement and now seek this Court's approval of
23 the proposed settlement.

24 **IV. THE SETTLEMENT TERMS AND DISTRIBUTION OF PENALTIES**

25 The Parties have agreed that Defendant will pay a total settlement amount of \$175,000.00
26 (the "Gross Settlement Amount"). *See* Settlement Agreement, § 3.1. From this amount, up to one-
27 third (1/3) of the Gross Settlement Amount, or \$58,333.33, is allocated to attorneys' fees and up to
28 \$25,000 to actual litigation costs. *Id.* at § 3.2.2. To date, Plaintiff's counsel has spent \$19,724.95 in

1 actual litigation costs and incurred \$96,852.50 in attorneys' fees. *See* Connolly Decl., ¶¶ 29-30,
2 Exhibit 4. The Settlement allocates up to \$3,500 to payment for the costs of the Settlement
3 Administrator, Apex Legal Solutions, LLC, associated with the administration of the Settlement.
4 Settlement Agreement, § 3.2.2.

5 After deducting the above amounts for attorneys' fees and costs, Settlement
6 Administrator's costs, the remaining fund will constitute the "PAGA Penalties" in which 75% will
7 be paid to the LWDA (the "LWDA PAGA Payment") and 25% will be paid to the Aggrieved
8 Employees as their "Individual PAGA Payments". Settlement Agreement, ¶ 3.2.3. The Aggrieved
9 Employees are all current and former non-exempt employees employed by Defendant in California
10 at any time during the PAGA Period. *Id.* at ¶ 1.4. The PAGA Period means the period from May
11 30, 2022 to September 27, 2024. *Id.* at ¶ 1.19.

12 The Individual PAGA Payments will be calculated pro rata based on the number of pay
13 periods working during the PAGA Period. Settlement Agreement, § 3.2.4.1. If the number of pay
14 periods worked by Aggrieved Employees in the PAGA Period exceeds 5,240 by more than 10%,
15 then the Gross Settlement Amount will increase pro rata per additional PAGA Pay Period. *Id.* at §
16 8. The Individual PAGA Payments shall be paid to the Aggrieved Employees by way of a single
17 check which will be valid for 180 days. *Id.* at § 4.4.1. All funds not claimed within 180 days of
18 mailing of payment shall be sent to the California State Controller's Office Unclaimed Property
19 Fund with an identification of the amount of unclaimed funds attributable to each PAGA Employee.
20 *Id.* at § 4.4.3. The Individual PAGA Payments will be characterized as penalties for tax purposes
21 and reported on IRS Form 1099. *Id.* at § 3.2.3.2.

22 Prior to this disbursement, the Settlement Administrator shall check the Aggrieved
23 Employees' addresses provided by Defendant using the National Change of Address database.
24 Settlement Agreement, § 4.4.1. For any returned payments without a forwarding address, the
25 Settlement Administrator shall run a skip trace. *Id.* at § 4.4.2.

26 In exchange for the settlement payment, the State of California and the Aggrieved
27 Employees will release the "Released Parties" meaning Defendant "and each of its former and
28 present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors,

1 assigns, subsidiaries, and affiliated entities” from “all claims for PAGA penalties arising during the
2 PAGA Period that were alleged, or reasonably could have been alleged, based on the facts stated in
3 the Operative Complaint and the PAGA Notices.” Settlement Agreement, §§ 1.25, 5.1.

4 **V. THE SETTLEMENT IS FAIR AND REASONABLE**

5 **A. Standard for Approval**

6 PAGA settlements must be “fair, reasonable, and adequate in view of PAGA’s purposes to
7 remediate present labor law violations, deter future ones, and to maximize enforcement of state
8 labor laws.” *Moniz v. Adecco USA, Inc.*, 72 Cal.App.5th 56, 77 (2021). The court must find that
9 the plaintiff “has adequately represented the state’s interests, and hence the public interest.” *Id.* at
10 89. The LWDA must be notified of the settlement and be given an opportunity to object. The court
11 may look to parallel class action guidelines to determine what is “fair, adequate and reasonable.”
12 *Kullar v. Foot Locker Retail*, 168 Cal.App.4th 116, 126 (2008). In that analysis, the court has
13 “broad discretion in making this determination.” *In re Microsoft I-V Cases*, 135 Cal.App.4th 706,
14 723 (2006). Relevant factors may include “the strength of the plaintiffs’ case, the risk, expense,
15 complexity and likely duration of further litigation, ... the amount offered in settlement, the extent
16 of discovery completed and the stage of the proceedings, the experience and views of counsel, the
17 presence of a governmental participant” *Dunk v. Ford Motor Co.*, 48 Cal.App.4th 1794, 1801
18 (1996).

19 **B. The Settlement Meets the Standard for Approval**

20 Here, the \$175,000.00 Gross Settlement Amount is reasonable for a group of
21 approximately 220 employees. A penalty of \$175,000.00 is large enough to punish Defendant for
22 alleged past violations and deter future violations. Connolly Decl., ¶ 10. The settlement amount is
23 equivalent to a penalty of about \$795 per employee. *Id.* At the same time, the penalty amount is not
24 so large as to be unjust, oppressive or confiscatory, considering the company’s potential exposure
25 explained below. *Id.* The Gross Settlement Amount is also reasonable in light of the facts of the
26 foregoing action, the real risk that no PAGA penalties would be paid, and inherent risks and
27 uncertainties associated with PAGA claims. *Id.* at ¶ 11.

28 Plaintiff calculated the potential exposure at the initial violation rate of \$100.00 per pay

1 period as follows: 5,240 x \$100.00 per pay period is \$524,000 for an estimated 5,240 pay periods.
2 Connolly Decl., ¶ 12. If the Court stacked different types of penalties in each pay period, Plaintiff
3 calculated the exposure as follows:

- 4 a. 5,240 pay periods x \$100 per pay period x 64% violation rate = \$524,000 for
5 meal period violations;
- 6 b. 5,240 pay periods x \$100 per pay period x 100% violation rate = \$524,000 for
7 rest break violations;
- 8 c. 5,240 pay periods x \$100 per pay period x 100% violation rate = \$524,000 for
9 unpaid wages;
- 10 d. 5,240 pay periods x \$100 per pay period x 100% violation rate = \$524,000 for
11 wage statement penalties;
- 12 e. 5,240 pay periods x \$100 per pay period x 100% violate rate= \$524,000 for
13 unreimbursed business expenses; and
- 14 f. 32 former employees x \$100 = \$3,200 for waiting time penalties.

15 *Id.*

16 Defendant raised a number of arguments during settlement negotiations and provided
17 evidence that could have defeated Plaintiff's claims. Connolly Decl., ¶ 13. For example, Plaintiff
18 argued Defendant failed to provide proper meal periods and rest breaks due to Defendant's failure
19 to provide adequate coverage. *Id.* However, Defendant argued that it maintained compliant written
20 policies and that employees could choose to waive their meal period, citing to *Brinker Restaurant*
21 *Corp. v. Superior Court* 53 Cal. 4th 1004, 1029 (2012), in which the Supreme Court explained that
22 employers do not need to "police" breaks, i.e., ensure that a meal is being taken if it was provided.
23 *See also Murphy v. Kenneth Cole Productions, Inc.*, 40 Cal. 4th 1094, 1104 (2007) (finding a
24 violation occurs only if the employee is "forced to forgo his or her meal period"). Connolly Decl.,
25 ¶ 13. Additionally, Plaintiff argued that Defendant failed to pay wages for all time worked when
26 it required employees to undergo security checks and Covid-19 tests prior to clocking in for work.
27 *Id.* However, Defendant provided policy documents in which employees were instructed to record
28 all time worked. *Id.* Further, because any time spent undergoing these checks were not recorded,

1 this theory would be largely dependent on competing testimonial evidence about Defendant's
2 practices. *Id.* Therefore, these claims could ultimately be largely reliant on employee testimony,
3 making them a riskier claim at trial and potentially even unmanageable. *Id.* Finally, Plaintiff would
4 not be able to obtain any derivative wage statement or waiting time penalties if he did not prove
5 the underlying claims. *Id.*

6 Another crucial factor in evaluating the value of a PAGA-only case is that all PAGA
7 awards are discretionary and can be reduced by the Court. Connolly Decl., ¶ 14. Under Labor Code
8 § 2699(e)(2), the Court can reduce the PAGA penalties "if, based on the facts and circumstances
9 of the particular case, to do otherwise would result in an award that is unjust, arbitrary and
10 oppressive, or confiscatory." In other words, were this matter to go to trial, any award granted
11 would be at the discretion of the Court. *Id.* In settling this case, Plaintiff recognizes that, although
12 he believes there would be no persuasive grounds to reduce the penalties, the Court could
13 determine otherwise and significantly reduce the PAGA penalties, especially given that this is a
14 small employer. *Id.* The wide range of potential recovery and the additional delays and risks of
15 trial justified settling for a reasonable amount of recovery. *Id.*

16 VI. CONCLUSION

17 For the foregoing reasons, Plaintiff requests the Court approve the proposed settlement
18 pursuant to PAGA in this Action.

19
20 Dated: February 24, 2025

AEGIS LAW FIRM, PC

21 By /s/ Kristy R. Connolly

22 Kristy R. Connolly
23 Attorneys for Plaintiff
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