Sam Kim, Esq. [SBN 258467]
Yoonis Han, Esq. [SBN 256151]
VERUM LAW GROUP, APC
360 N. Pacific Coast Hwy, Suite 1025
El Segundo, CA 90245
Telephone: (424) 320-2000
Facsimile: (424) 221-5010
skim@verumlg.com
yhan@verumlg.com

Attorneys for Plaintiffs SYNTHIA CASTILLO GARCIA,
LIZ ADRIANA MARTINEZ CHAVEZ, and all other similarly situated persons

[*Additional Counsel on Next Page*]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

SYNTHIA CASTILLO GARCIA, on behalf of herself and all others similarly situated, Plaintiff, v. KALAVERAS RC INC, a California corporation, and DOES 1-20, inclusive, Defendants.	Case No. CIVSB2315395 Assigned for All Purposes to: *The Hon. Christian Towns* Dept.: S-26 **MEMORANDUM OF POINTS & AUTHORITIES IN SUPPORT OF MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT** Date: January 27, 2026 Time: 8:30 a.m. Dept.: S26

ZACHARY M. CROSNER, ESQ. (SBN 272295)
zach@crosnerlegal.com
JAMIE SERB, ESQ. (SBN 289601)
jamie@crosnerlegal.com
SEPIDEH ARDESTANI, ESQ (SBN 274259)
CROSNER LEGAL, PC
9440 Santa Monica Blvd. Suite 301
Beverly Hills, CA 90210
Tel: (866) 276-7637
Fax: (310) 510-6429

Attorneys for Plaintiff GILBERT GARCIA, and all other similarly situated persons

Todd M. Friedman, Esq. (SBN 216752)
Adrian R. Bacon, Esq. (SBN 280332)
LAW OFFICES OF TODD M. FRIEDMAN, P.C.
21031 Ventura Blvd., Suite 340
Woodland Hills, CA 91364
Phone: 323-306-4234
Fax: 866-633-0228
tfriedman@toddflaw.com
abacon@toddflaw.com

Attorneys for Plaintiff ERIK NOLASCO, and all other similarly situated persons

Adib Assassi, Esq. (SBN 301036)
Veronica Cruz, Esq. (SBN318648)
Assassi & Cruz Law Firm, PC
1100 Town and Country Rd.
Orange, CA 92868
Telephone: (949) 688-6009
veronica@aclegalteam.com
adib@aclegalteam.com

Attorneys for Plaintiff ERIK NOLASCO, and all other similarly situated persons

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I. INTRODUCTION

Plaintiffs Synthia Castillo Garcia, Gilbert Garcia, Liz Adriana Martinez Chavez, and Erik Nolasco hereby move the Court for an order granting preliminary approval to a proposed non-reversionary class action settlement to resolve wage and hour claims on behalf of approximately 2,033 individuals employed by Defendants Kalaveras RS Inc., Kalaveras-Cov Inc., Kalaveras Mon Inc., Kalaveras-MV Inc., Kalaveras-NH Inc., Kalaveras SBO Inc., Kalaveras PD Inc., Kalaveras RC Inc., Kalaveras SL, Inc., Kalaveras BB Inc., Kalaveras LH Inc., Kalaveras SA Inc., Kalaveras CVSA(collectively, and together with Defendant Isaias Ocampo Brito, "Defendants"), as non-exempt employees during the period of July 10, 2019 through May 25, 2025. The proposed $600,000 settlement will provide about $298,000 in cash payments to the settlement class, with an average award estimated at about $146. The balance of approximately $302,000 will cover modest enhancement awards to Plaintiffs, reasonable attorney's fees and actual litigation costs, settlement administration costs, and payment of civil penalties to the state. The settlement is the product of Plaintiffs' pre- and post-filing investigation, a pre-mediation exchange of information, and arms-length and adversarial negotiations overseen by experienced and well-regarded mediator Michael Loeb, Esq.

As demonstrated below, the settlement is within the "range of reasonableness" for preliminary approval. Plaintiffs' counsel believes the settlement is a significant result for the class given the substantial risks inherent in this matter. Accordingly, Plaintiffs request the Court enter an order: (1) granting preliminary approval to the proposed class action settlement; (2) conditionally certifying the settlement class as defined below; (3) appointing Verum Law Group, APC, Crosner Legal P.C., Law Offices of Todd M. Friedman, and Assassi & Cruz Law Firm, PC as Class Counsel; (4) appointing plaintiffs Synthia Castillo Garcia, Gilbert Garcia, Liz Adriana Martinez Chavez, and Erik Nolasco as the Class Representatives; (5) appointing Phoenix Settlement Administrators as the Settlement Administrator; (6) approving the form of notice to the class and the procedure for providing such notice; and (7) scheduling a final fairness hearing.

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II. BACKGROUND

Defendants own and operate 13 “Kalaveras” restaurants throughout Southern California, serving Mexican and Latin cuisine. Plaintiff Castillo worked as a server for Defendants at the Rancho Cucamonga location from approximately June 2022 to July 2023. Plaintiff Gilbert Garcia worked as a server for Defendants at the Silverlake location, from April 2022 through May 2023. Plaintiff Nolasco worked as a bartender for Defendants at its San Bernardino location, between approximately March 2, 2023, and June 8, 2023. [Ardestani Decl., ¶ 4.]

Plaintiffs collectively assert multiple wage and hour claims against Defendants. First, based on review of time sheets and other records produced by Defendants, Plaintiffs alleged Defendants failed to pay for all hours worked for multiple reasons and that employees frequently worked “off the clock” finishing up their duties after the scheduled end of a shift but weren’t paid for this time. Plaintiffs contend they and the class members did not receive all required meal and rest breaks, or did not receive them on a compliant basis, and never received an extra hour of premium pay in lieu of a missed or non-compliant break. Lastly, Plaintiffs claim they were not reimbursed for certain expenses incurred for payments to “breakers” who covered for other employees while taking their meal breaks. [Ardestani Decl., ¶ 5.]

Based on these allegations, on July 10, 2023 Plaintiff Castillo commenced this Action by filing a Complaint alleging causes of action against Defendant Kalaveras RC, Inc., for various Labor Code violations including recovery of unpaid wages, recovery of unpaid overtime wages, failure to provide meal periods, failure to provide rest periods, unlawful deductions from wages, failure to timely furnish accurate wage statements, violations of Labor Code § 203, et seq., and Unfair Business Practices. On October 9, 2023, Plaintiff Castillo filed a First Amended Complaint to add a claim under the PAGA. On January 22, 2024, Plaintiff Castillo filed doe amendments to add defendants Kalaveras RS Inc., Kalaveras-Cov Inc., Kalaveras Mon Inc., Kalaveras-MV Inc., Kalaveras-NH Inc., Kalaveras SBO Inc., Kalaveras PD Inc., Kalaveras SL, Inc., Kalaveras BB Inc., Kalaveras LH Inc., Kalaveras SA Inc.[Ardestani Decl., ¶ 6.]

On September 5, 2023, Gilbert Garcia filed a PAGA complaint against Kalaveras SL, Inc., in Los Angeles Superior Court, Case No. 23STCV21347, based on various alleged Labor Code violations (the "Garcia Action"). [Ardestani Decl., ¶ 7.]

On October 24, 2023, Plaintiff Liz Adriana Martinez Chavez filed a class action complaint against Kalaveras RS, Inc., et al., in the Los Angeles County Superior Court, Case No. 23STCV26050, alleging various Labor Code and other wage and hour violations (the "Chavez Action") [Ardestani Decl., ¶ 8.]

On December 20, 2023, Plaintiff Erik Nolasco filed a class action complaint against Kalaveras SBO, Inc., and Isaias Brito in the San Bernardino County Superior Court, Case No. CIVSB2332776, alleging various Labor Code and other wage and hour violations (the "Nolasco Action") [Ardestani Decl., ¶ 9.]

Defendants have at all times denied Plaintiffs' collective allegations and maintained its meal break and payroll policies and procedures comply with California law, that it provided the class members with required meal and rest breaks, and that it paid Plaintiffs and the class members all wages due. Additionally, Defendants strongly contend the case cannot be maintained as any kind of class or representative action, arguing that to the extent class members missed breaks, that such breaks were non-compliant, or that employees worked "off the clock," it was against company policy, and intermittent or infrequent and evidence of such violations would be purely anecdotal. Thus, per Defendants individual issues predominate and trial would be unmanageable. [Ardestani Decl., ¶ 10.]

After Plaintiffs filed their various complaints, the Parties initiated written discovery and, after engaging in meet and confer discussions regarding discovery, potential law and motion, and the merits of the case, they ultimately agreed to attempt a global mediation. They then engaged in significant informal discovery to facilitate an exchange of information necessary to engage in a meaningful mediation. Consequently, Plaintiffs' counsel reviewed payroll records, personnel policies/handbooks, meal break policies, personnel files, and a random sampling of paystubs and time records produced by Defendants. Defendants also provided documents and information reflecting the estimated total amount of workweeks and pay periods they worked, and average hourly pay rates, among other relevant data. [Ardestani Decl., ¶ 11.]

The Parties then engaged Michael Loeb, Esq., a respected mediator with extensive wage and hour class action experience and, on November 25, 2024, and March 26, 2025, participated in two full day mediations with Mr. Loeb. Throughout both days, the arms-length negotiations were hard-fought and adversarial as the Parties exchanged extensive information on their legal and factual positions and made numerous offers and counter-offers. Finally, near the end of the second day, the Parties reached agreement on all major issues and then collaboratively drafted the Class Action and PAGA Settlement Agreement ("Settlement Agreement") setting forth the full and final settlement terms. [Ardestani Decl., ¶ 12.]

Finally, in order to fully effectuate the proposed settlement, the Parties stipulated to the filing of a Second Amended Complaint in this matter to add all plaintiffs and Defendants as parties and to incorporate all claims alleged in the various actions. The SAC is the operative complaint for purposes of settlement. [Ardestani Decl., ¶ 13.]

III. PROPOSED SETTLEMENT TERMS

Under the settlement, Defendants will pay $600,000.00 into a common fund, the Gross Settlement Amount or GSA. Attorney's fees of up to one-third of the GSA ($200,000), litigation costs of up to $51,000, enhancement awards of $10,000 each for the plaintiffs ($40,000 total), settlement administration costs of no more than $21,000, and a payment of $20,000 for PAGA civil penalties (allocated $15,000 to the LWDA and $5,000 to the eligible Aggrieved Employees), all will be paid from the Gross Settlement Amount. The remainder of approximately $298,000 will be allocated among the Participating Class Members based on their total weeks worked during the Class Period. No portion of the GSA will revert to Defendants. [Ardestani Decl., ¶ 14.]

A. Certification of the Settlement Class

The settlement provides for conditional certification of a settlement class including all non-exempt hourly employees employed by Defendants in the State of California at any time during the Class Period (July 10, 2019 through May 25, 2025. The Settlement Class consists of approximately 2,033 individuals. [Ardestani Decl., ¶ 15.]

B. <u>The Benefit Conferred on the Settlement Class</u>

As noted, the settlement obligates Defendants to pay $600,000 to resolve the Settlement Class' claims, inclusive of attorney's fees and costs. Approximately $298,000 from the GSA will be distributed to the Participating Class Members. This is a cash settlement that <u>does not</u> require Participating Class Members to submit a claim form to receive their settlement share. Participating Class Members will receive their settlement checks automatically via First Class U.S. Mail. Twenty percent of each settlement share will be allocated to wages and the remaining eighty percent will be allocated to penalties and interest. Defendants will pay any and all applicable employer-side payroll taxes separately and in addition to the GSA. Subject to the Court's approval, any amounts not claimed (because a class member does not cash his or her settlement check), plus interest, will be forwarded to the California State Controller's Unclaimed Property Fund. [Ardestani Decl., ¶ 16.]

Each Participating Class Member will receive a share of the Net Settlement Amount based on his or her total weeks worked for Defendants in California during the Class Period while employed in a non-exempt position. Thus, each Class Member's Individual Settlement Share will be calculated using criteria typically used in determining appropriate amounts of unpaid wages, unpaid premium wages for missed meal breaks, and potential statutory penalties under applicable law. These methods are intended to ensure each Class Member receives a portion of the available settlement funds corresponding to the relative value of his or her potential claims. The proposed allocation provides a reasonable way to compensate Class Members based on the amount of time they worked for Defendants and the number of instances they missed a meal break, were not provided compensation in lieu of such missed breaks, or lost wages due to the alleged off-the-clock work, etc. The average award currently is estimated to be approximately $146. [Ardestani Decl., ¶ 17.]

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C. Settlement Administration

Subject to the Court's approval, the Parties have agreed on Phoenix Settlement Administrators ("Phoenix") as the Settlement Administrator. Phoenix is qualified and has significant experience administering class action settlements, including numerous wage and hour matters. Phoenix has agreed to cap its fees and costs at $21,000.00. If the Court approves less than the above amount, the difference will remain in the Net Settlement Amount for distribution to the Participating Class Members. [Ardestani Decl., ¶ 18; Declaration of Jodey Lawrence, ¶¶ 2-16; Exhs. A-B.]

D. The Class Notice

The proposed Notice (Exhibit A to the Settlement Agreement) sets out information about this case and explains the basic settlement terms in plain language. The Notice also sets forth the individualized information used to calculate Class Members' Individual Settlement Shares and each Class Member's estimated settlement award. The Notice likewise details the procedures for Class Members to dispute their individual information, the procedure for submitting an objection to the Settlement, and the procedure to request exclusion. In sum, the Notice provides the Class Members with the information necessary to evaluate the Settlement and provides fair opportunity to participate in, opt out of, or object to the proposed Settlement. Coupled with the notice procedure, the proposed Notice provides the Settlement Class with the best notice practicable. [Ardestani Decl., ¶ 19.]

E. Right to Correct Information, Opt Out, or Object

Class Members will have 45 days to dispute the information in their Notice used to calculate their settlement award and also have 45 days to submit any objections to the settlement or to request exclusion. In the event a Class Member disputes their individual information, the Settlement Administrator will review the Class Member's records as well as any additional information submitted and make a final determination. [Ardestani Decl., ¶ 20.]

F. Release of Claims

All Participating Class Members will be deemed to release defendant Defendants from all claims alleged in the operative complaint, or that could have been brought based on the allegations in the operative complaint, including PAGA claims. The release is limited to the claims that were actually pleaded or could have been pleaded based on the alleged facts in the operative complaint. [Ardestani Decl., ¶ 21.]

G. Attorney's Fees and Costs, and Plaintiffs' Enhancement Awards

The settlement provides Defendants will not oppose a request for attorney's fees not to exceed one-third of the GSA, or $200,000, nor will it oppose a request for reimbursement of litigation costs and expenses of up to $51,000.00. Defendant also will not oppose a request for an enhancement award to Plaintiffs of not more than $10,000 each ($40,000 total) in recognition of their time spent on this matter, the risks they undertook on behalf of the class, and the benefit conferred to the class. Plaintiffs and Plaintiffs' counsel will provide the Court with appropriate summaries and evidence of their efforts and time records in anticipation of the Final Approval Hearing. If the Court approves less than the above amounts, the difference will remain in the Net Settlement Amount for distribution to the Participating Class Members. [Ardestani Decl., ¶ 22.]

H. PAGA and Notice to the LWDA

As noted, the Parties allocated $20,000 from the GSA to resolution of Plaintiffs' claims under PAGA, and Plaintiffs' submit that amount is fair, reasonable and adequate, and consistent with PAGA's underlying purposes. As required by Labor Code section 2699(*l*)(2), Plaintiffs gave notice of the settlement and the approval hearing to the LWDA via its online portal. [Ardestani Decl., ¶ 23; Exh. 3.]

IV. ARGUMENT

A. Standard of Review for a Class Action Settlement

The law favors settlement, particularly in class actions where substantial resources can be conserved by avoiding the time, costs and rigors of formal litigation. H. Newberg & A. Conte, 4 Newberg on Class Actions (4th ed. 2002) § 11.41; Class Plaintiffs v. City of Seattle (9th Cir. 1992) 955 F.2d 1268, 1276, cert. denied, 506 U.S. 953; Potter v. Pacific Coast Lumber Co. (1951) 37 Cal.2d 592, 602. Nevertheless, to ensure the rights of absent class members are not unjustly compromised, settlement of a class action requires court approval. Cal. Rule of

Court. 3.769; Wershba v. Apple Computer (2001) 91 Cal.App.4th 224, 245; Dunk v. Ford Motor Co. (1996) 48 Cal.App.4th 1794, 1801. This judicial review protects against fraud or collusion and ensures fairness to the absent class members. Dunk, 48 Cal.App.4th at 1800-01. Judicial review occurs via a two-step process to determine, under all the circumstances, if the proposed settlement is fair, reasonable and adequate. Id. at 1801; Wershba, 91 Cal.App.4th at 245.

The first step is a motion for preliminary approval, through which the parties present the court with the proposed settlement and seek a determination if it is sufficiently fair and reasonable to warrant notice to the class and further proceedings as to its fairness and adequacy. Cal. Rule of Court 3.769(c). This preliminary evaluation determines if the proposed settlement is within the "range of reasonableness" and if notice should be provided to the class regarding the settlement's proposed terms and conditions, and whether a final fairness hearing should be scheduled. Wershba, 91 Cal.App.4th at 234-35; North County Contractors Ass'n, Inc. v. Touchstone Ins. Servs. (1994) 27 Cal.App.4th 1085, 1089-90. Considering the strong judicial policy favoring settlement of class actions, courts generally apply a presumption of fairness to class action settlements when (1) the settlement results from arms-length bargaining, (2) investigation and discovery are sufficient to allow counsel and the court to act intelligently, (3) counsel is experienced in similar litigation, and (4) the percentage of objectors is small. Dunk, 48 Cal.App.4th at 1802; Wershba, 91 Cal.App.4th at 245.

If the court grants preliminary approval, it then orders the class be given notice in an appropriate manner, establishes a schedule and procedures for class members to request exclusion or object, and sets the matter for a final fairness hearing. Typically, any motion for attorney's fees and costs, and any enhancement for the class representative(s), is filed subsequent to preliminary approval and heard with the motion for final approval, as part of the second step of the two-step approval process. Dunk, 48 Cal.App.4th at 1800; Wershba, 91 Cal.App.4th at 232.

The proposed settlement in this matter warrants preliminary approval under the liberal standard discussed above, as it is fair, reasonable and adequate under all the circumstances, and represents a favorable result for the class.

B. The Proposed Settlement Class Should Be Conditionally Certified

The purpose of conditional class certification for purposes of settlement is to facilitate provision of notice of the proposed settlement's terms, and the date and time of the final fairness hearing. In this context, courts apply lesser scrutiny than they would otherwise in the context of certifying a class. Dunk, 48 Cal.App.4th at 1807, n.19; Global Minerals & Metals Corp. v. Superior Court (2003) 113 Cal.App.4th 836, 839 ("[I]t is well established that trial courts should use different standards to determine the propriety of a settlement class.")

In the present matter, conditional certification is proper since this matter satisfies all requirements for class certification under Code of Civil Procedure section 382. First, the class is both sufficiently numerous, consisting of approximately 2,033 individuals, and ascertainable by reference to Defendants' personnel and payroll records. [Ardestani Decl., ¶ 24.] Next, Plaintiffs are all adequate class representatives, as their claims do not conflict with and are not antagonistic to the claims of other class members. Further, their claims are typical given both are members of the class and their claims arise from the same employment practices and course of conduct giving rise to the claims of the other class members. [Ardestani Decl., ¶ 25; Declaration of Gilberto Garcia, ¶¶ 2-9; Declaration of Synthia Garcia Castillo, ¶¶ 2-6, 9-10; Declaration of Liz Adriana Martinez Chavez, ¶¶ 2-6, 9-10; Declaration of Erik Nolasco, ¶¶ 2-6, 2-9.] Lastly, their counsel is experienced and adequate class counsel. [Ardestani Decl., ¶¶ 40-45; Declaration of Sam Kim ("Kim Decl."), ¶¶ 3-8; Declaration of Yoonis Han "(Han"), ¶¶ 3-7; Declaration of Adib Assassi ("Assissi Decl."), ¶¶ 7-16; Declaration of Todd Friedman ("Friedman Decl."), ¶¶ 4-13.]

Next, common questions of law and fact predominate – particularly for purposes of a settlement class – as the Class Members all were subject to the same break policy and likewise were subject to same alleged failure to accurately record and pay for all hours worked. Since the focus of the claims against Defendants concerns the legality of common policies applied uniformly to the entire class, common issues predominate over individualized inquiries concerning liability. Whether Defendants automatically clocked employees out at the scheduled end of a shift or required servers to pay for a "breaker" in order to take a lunch break, are common questions applicable to all class members. Regardless of the outcome, determining these questions will decide liability for all class members one way or another. [Ardestani Decl., ¶ 26.]

By now it is well-settled that a theory of recovery asserting the existence of a uniform policy violating California law is sufficient to satisfy the requirements for class certification. Jones v. Farmers Ins. Exch. (2013) 221 Cal.App.4th 986, 996 ("Claims alleging that a uniform policy consistently applied to a group of employees is in violation of the wage and hour laws are of the sort routinely, and properly, found suitable for class treatment"); Williams v. Superior Court (2013) 221 Cal.App.4th 1353 ("A company-wide practice can sustain a common question of fact or law that supports commonality for class certification"). Lastly, a class action is superior to other means for the fair and efficient adjudication of this controversy. [Ardestani Decl., ¶ 27.]

C. The Proposed Settlement Meets the Dunk and Kullar Factors and is within the Range of Reasonableness

The proposed settlement resulted from serious, arms-length negotiations facilitated by respected mediator Michael Loeb, Esq., who has extensive experience mediating wage and hour class actions. [Ardestani Decl., ¶ 12.] Plaintiffs' counsel at Verum Law Group, APC, Crosner Legal P.C., Law Offices of Todd M. Friedman, and Assassi & Cruz Law Firm, PC all have years of litigation experience, including litigating wage and hour class actions. Plaintiffs' counsel is well-qualified to evaluate the risks and benefits of pursuing further litigation or settling the matter. [Ardestani Decl., ¶¶ 40-45; Kim Decl., ¶¶ 3-10; Han Decl., ¶¶ 3-9; Assassi Decl., ¶¶ 7-16; Friedman Decl., ¶¶ 4-13.]

Next, California law recognizes several factors bearing on the fairness, adequacy, and reasonableness of a proposed class settlement. Kullar v. Foot Locker Retail, Inc. (2008) 168 Cal.App.4th 116, 128. In relevant part, these factors include: 1) the amount offered in settlement

2) the strength of plaintiff's case; 3) the risk, expense, complexity, and likely duration of further litigation; 4) the risk of maintaining class action status throughout trial; 5) the experience and views of counsel; and 6) the reaction of the class members to the proposed settlement. Id. As demonstrated below, the proposed settlement satisfies these requirements.

Prior to settlement, the parties engaged in extensive informal discovery to facilitate settlement discussions. As a result, Plaintiffs reviewed documents and information regarding Defendants' payroll practices, pay stubs and time records for a sampling of class members, meal and rest break policies, etc., and information from Defendants regarding class size and breakdown, work weeks, rates of pay, and other information used to formulate a damages model. Plaintiffs' counsel is confident they obtained sufficient information to enable them to understand the law and facts of this case and make an informed decision regarding the proposed settlement and whether it is in the best interests of the class. [Ardestani Decl., ¶¶ 11, 28.]

Using that data, Plaintiffs ran various calculations and estimated Defendants' likely maximum exposure on the class claims at approximately $15.995 million, including $546,430 on the unpaid wage/off the clock claims, $1,676,940 on the meal break claims, $4,133,650 on the rest break claims, $2,209,950 on the wage statement claims, $5,531,885 on the waiting time penalty claims, and $1,896,570. Plaintiffs' counsel substantially discounted the value of these claims, however, in light of the multiple and considerable risks posed by proceeding with the litigation. [Ardestani Decl., ¶¶ 29-30.]

On the unpaid wage claims, Plaintiffs argued Defendants had an "auto clock out" policy whereby employees were automatically clocked out at the scheduled end of their shift regardless of whether they were still working. Plaintiffs contended this resulted in modest increments of off the clock work, as they and the Class Members frequently worked several additional minutes after their scheduled start/stop times, which "off the clock" work was neither accounted nor paid for. In response, Defendants took the position that their time keeping policies are legally compliant, that it accurately tracked and paid for all hours worked consistent with those policies, and that any work done "off the clock" was not sanctioned and done without Defendants' knowledge. White v. Starbucks Corp. (N.D. Cal. 2007) 497 F.Supp.2d 1080, 1083 (employer must have actual or constructive knowledge of the off the clock work. [Ardestani Decl., ¶ 31.]

For the meal and rest break claims, although Defendants' written policies appear facially compliant, Plaintiffs argued Defendants frequently provided late meal breaks and that there are numerous "de facto" violations for non-compliant meal breaks. Plaintiffs further contend Defendants maintained a policy that obligated servers to pay $10.00 per meal break, to a "breaker" without reimbursement. Breakers were scheduled by Defendants to work, solely for the purpose of relieving servers for their meal breaks, and *all* of the breakers' compensation was paid by the employees who used the breakers to take their meal breaks. Per Plaintiffs, there was no other way to take a meal break for the employees. [Ardestani Decl., ¶ 32.]

In response, Defendants emphasized the break policies were fully compliant with California law, and that they provided all required meal periods and thereby met its obligations under the Labor Code and Wage Order. Further, Defendant argued to the extent employees missed a meal break or took a non-compliant break, any such discrepancies were aberrational and against company policy and a myriad of individual issues would be required to determine if the potential violation resulted from employee choice or some other reason. Consequently, per the Defendant, individualized inquiries would dominate this issue and render class certification inappropriate. Likewise, Defendant denied any requirement for paying out of pocket in order to take a lunch break. [Ardestani Decl., ¶ 33.]

On the rest break claim, Plaintiffs argued rest breaks simply weren't scheduled and were not provided, and they further claimed that the "breaker" system was used only for lunches and therefore there was no way for servers to take a rest break since there was no extra coverage. On the other hand, as with meal breaks, Defendants argued their rest break policies complied with California law and authorized and permitted employees to take all required breaks. Defendants further contended that, in light of the fact that they are not required to maintain a record of rest periods, any evidence of failure to authorize rest periods and/or discouragement from taking rest periods would be purely anecdotal and individual issues would predominate on liability. Defendants also may contend that it is only liable if Plaintiffs can prove, on a shift-by-shift basis, the aggrieved employees actually did not receive a fully compliant rest break. This arguably would make a trial unmanageable since the number of instances an employee missed a rest break would have to be tested on a case-by-case basis to determine if there was compliance. [Ardestani Decl., ¶ 34.]

Plaintiffs' based their expense reimbursement claim on the need to pay $10 to a "breaker" in order to be provided with a meal break, which payments they contend were not reimbursed by Defendants. As noted, Defendants contended no such policy existed and there otherwise were no expenses of any kind incurred by employees that might require reimbursement. [Ardestani Decl., ¶ 35.]

Finally, Plaintiffs also alleged derivative claims under Labor Code § 226 (alleged inaccurate wage statement violations) and §§ 201-203 (waiting time penalties). These claims were based on the "off the clock" unpaid wage claim and meal/rest break claims, and will rise or fall along with that primary claim, in addition to being subject to "good faith" and other defenses available to Defendant. E.g., Amaral v. Cintas Corp. No. 2 (2008) 163 Cal.App.4th 1157, 1203-04 (holding employer did not willfully fail to pay wages under Labor Code § 203 even though the class prevailed on the merits on the underlying claim for failing to pay living wages). Accordingly, Plaintiffs discounted the derivative claims significantly in light of these multiple potential defenses. [Ardestani Decl., ¶ 36.]

As far as potential PAGA liability, the theoretical penalties theoretically totaled around $10 million should Plaintiffs prevail on all claims and establish violations of the multiple Labor Code sections at issue for every single eligible pay period. [Ardestani Decl., ¶ 37.] As with the class claims, Plaintiffs discounted the potential PAGA penalties for the multi-layered defenses proffered by Defendant on the merits and further discounted these claims since the Court possesses wide discretion to reduce such penalties even if Plaintiffs ultimately prevailed. Fleming v. Covidien (C.D. Cal. 2011) 2011 U.S. Dist. LEXlS 154590, *8-9 (court reduced the potential penalties by over 82% after a bench trial); Carrington v. Starbucks Corp. (2018) 30 Cal.App.5th 504 (after a bench trial, the trial court awarded penalties of just $5 per pay period, a 90% reduction, which decision was upheld on appeal); In re Taco Bell Wage and Hour Actions

(E.D. Cal. Apr. 8, 2016) 2016 U.S. Dist. Lexis 48557 (PAGA penalties denied after trial). Accordingly, the Parties allocated $20,000 to PAGA penalties, which amount is reasonable and in line with comparable settlements in other class actions in California. Van Kempen v. Matheson Tri-Gas, Inc. (N.D. Cal. Aug. 25, 2017) 2017 U.S. Dist. LEXIS 137182 (granting final approval of $5,000 PAGA penalty from $370,000 settlement, or 1.4 percent of total settlement); Slavkov v. First Water Heater Partners I (N.D. Cal. July 25, 2017) 2017 U.S. Dist. LEXIS 116303 (finding a $7,500 PAGA payment reasonable when measured against the overall settlement of $345,000 and the possible weaknesses in plaintiffs' case, or 2.2 percent of total settlement). Additionally, the LWDA has been informed of the terms of the PAGA portion of the settlement and will be able to weigh in as necessary. Jennings v. Open Door Mktg. Inc. (N.D. Cal. Oct. 3, 2018) 2018 U.S. Dist. LEXIS 171356, at *27 (approving settlement with PAGA penalties of 0.6% where "[p]laintiffs [have] submitted the settlement agreement to the LWDA, and the LWDA has not objected to the settlement").

The settlement obviates the significant risk that this Court may find any kind of class or representative resolution unachievable or deny certification of all or some of Plaintiffs' claims. Furthermore, even if Plaintiffs certify of all or some of the claims, continued litigation would be lengthy and expensive as the parties pursued merits discovery, a probable motion to decertify, as well as trial and possible appeals, and would substantially delay any recovery by the class with no assurance of recovering significantly more than the proposed settlement. While Plaintiffs are confident in the merits of their claims, legitimate controversies exist regarding Plaintiffs' claims. Plaintiffs also recognize proving the amount of wages and penalties due each Class Member would be an expensive, time-consuming, and uncertain proposition. [Ardestani Decl., ¶ 38.]

Plaintiffs and their counsel discounted the value of the class claims consistent with the risks discussed above and carefully weighed the likelihood of the class receiving substantially greater benefit if the litigation continued. Plaintiffs and counsel concluded – in light of these very real and substantial risks – settlement on the proposed terms and without prolonged and costly litigation was in the best interests of the class. The overall $600,000 recovery represents a significant percentage of Defendant's potential exposure and, given the risks addressed above, a total recovery for the class of $600,000, which will result in average award of some $146 per class member, is a significant result well within the range of reasonableness considering all potential outcomes, and it will provide direct monetary awards to all Class Members without further delay. [Ardestani Decl., ¶¶ 38-39; Kim Decl., ¶ 10; Han Decl., ¶ 9; Assassi Decl., ¶ 17.]

Importantly, the mere fact that a settlement does not provide the same recovery as might be achieved at trial is not a proper indicator of whether the settlement is fair, reasonable, and adequate. Wershba, 91 Cal.App.4th at 246, 250 ("Compromise is inherent and necessary in the settlement process…even if the relief afforded by the proposed settlement is substantially narrower than it would be if the suits were to be successfully litigated, this is no bar to a class settlement because the public interest may indeed be served by a voluntary settlement in which each side gives ground in the interest of avoiding litigation"); Lane v. Facebook, Inc. (9th Cir. 2012) 696 F.3d 811, 819 ("[T]he question whether a settlement is fundamentally fair . . . is different from the question whether the settlement is perfect in the estimation of the reviewing court"); 7-Eleven Owners for Fair Franchising v. Southland Corp. (2000) 85 Cal.App.4th 1135, 1150 ("The fact that a proposed settlement may amount to only a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved"); White v. Experian Information Solutions, Inc. (C.D. Cal. 2011) 803 F.Supp.2d 1086, 1098 (rejecting contention settlement was not fair and reasonable even though it represented 99% discount off the maximum value of the claims). Importantly as well, the proposed settlement is non-reversionary and will provide timely benefits to the Class Members without a claims process. White, 803 F.Supp.2d at 1098; c.f., Federal Judicial Center, Managing Class Action Litigation: A Pocket Guide for Judges (3d ed. 2010) at 20, available at http://www.fjc.gov/sites/default/files/2012/ClassGd3.pdf (reversionary provisions and/or cumbersome claims process may indicate lack of fairness). Plaintiffs and their counsel submit the settlement is within the "range of reasonableness," and is fair and adequate for the Class.

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V. CONCLUSION

For all the foregoing reasons, Plaintiffs respectfully request that the Court grant this motion, conditionally certify the settlement class, grant preliminary approval to the proposed class action settlement, and enter the [Proposed] Order filed herewith.

Dated: September 11, 2025

VERUM LAW GROUP, APC

By: /s/ Yoonis Han
Sam Kim, Esq.
Yoonis Han, Esq.
Attorneys for Plaintiffs SYNTHIA CASTILLO GARCIA and LIZ ADRIANA MARTINEZ CHAVEZ and all other similarly situated persons

Dated: September 11, 2025

CROSNER LEGAL, PC

By: /s/ Sepideh Ardestani
Sepideh Ardestani, Esq.
Attorneys for Plaintiff GILBERT GARCIA and all other similarly situated persons

Dated: September 11, 2025

LAW OFFICES OF TODD M. FRIEDMAN, P.C.

By: /s/ Adrian R. Bacon
Adrian R. Bacon, Esq.
Attorneys for Plaintiff ERIK NOLASCO and all other similarly situated persons

Dated: September 11, 2025

ASSASSI & CRUZ LAW FIRM, PC

By: /s/ Adib Assassi
Adib Assassi, Esq
Attorneys for Plaintiff ERIK NOLASCO and all other similarly situated persons