BRANDON BROUILLETTE (SBN 273156)
bbrouillette@crosnerlegal.com
ZACHARY M. CROSNER (SBN 272295)
zach@crosnerlegal.com
CROSNER LEGAL, PC
9440 Santa Monica Blvd. Suite 301
Beverly Hills, CA 90210
Tel: (866) 276-7637
Fax: (310) 510-6429

Attorneys for Plaintiff PATRICIA ALVARADO as an individual and on behalf of all others similarly situated.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA**

**FOR THE COUNTY OF SAN BERNADINO**

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| PATRICIA ALVARADO, as an individual and on behalf of all others similarly situated,<br><br>Plaintiff,<br><br>vs.<br><br>JC-4, INC., a California Corporation; and DOES 1-100, inclusive,<br><br>Defendants. | Case No. CIVSB2314091<br><br>Assigned for all Purposes to the:<br>Hon. Joseph T. Ortiz<br>Dept. S-17<br><br>**MEMORANDUM OF POINTS & AUTHORITIES IN SUPPORT OF MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT**<br><br>Date: September 25, 2025<br>Time: 1:30 p.m.<br>Dept.: S17 |

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## I. INTRODUCTION

Plaintiff and Class Representative Patricia Alvarado seeks final approval of a non-reversionary class action settlement resolving wage and hour claims on behalf of 1,699 individuals who worked for Defendant JC-4, Inc. ("JC-4") in California and were classified as a non-exempt hourly employee who worked for JC-4 during the Class Period of June 16, 2019 to July 15, 2024. The proposed $625,000 total settlement provides about $315,342 in cash payments to the Class, with an average award of about $185, plus additional amounts payable under PAGA. The remaining balance will cover a modest service award to Plaintiff, settlement administration costs, civil penalties to the state, and reasonable attorney's fees and costs. The parties and their counsel finalized the settlement after extensive and difficult arms-length negotiations overseen by an experienced and highly-regarded mediator. The Court conditionally certified the Class and preliminarily approved the settlement on June 2, 2025. Since then, the Court-approved notice form was mailed to the Class Members on June 23, 2023, and they reacted very favorably to the settlement. As of the filing of this motion, there are no objections, and no class member has requested exclusion.

Class Counsel secured an excellent settlement with Defendant after some two-plus years of investigation, litigation, and settlement negotiation and administration, all without any compensation for services rendered or costs expended. The class notice duly informed the class members that Class Counsel would request attorney's fees not to exceed 33.3% of the Gross Settlement Amount, along with reimbursement of no more than $25,000 for actual costs incurred litigating this matter. As of the filing of this motion, *not one Class Member objected* to the proposed fee award. Consistent with the Settlement and notice, Plaintiff now respectfully requests the Court award Class Counsel's fees in the amount of $208,333.33 and costs in the amount of $20,324.09, as described in the Declaration of Brandon Brouillette ("Brouillette Decl.") filed herewith. The requested attorney's fees are well within the range of reasonableness, especially considering the complex and risky nature of this litigation, the contingent risk assumed, the two-plus year delay in payment and, when subjected to a lodestar crosscheck, results in a fee equal to the base lodestar with a modest and reasonable 1.60 upward modifier.

Accordingly, on behalf of herself and the Settlement Class, Plaintiff respectfully requests the Court grant this motion, give full and final approval to the settlement, grant Class Counsel's request for attorney's fees and costs, and enter judgment accordingly.

## II. BACKGROUND/LITIGATION HISTORY

Defendant JC-4 is a McDonald's franchisee that owns and operates multiple McDonald's restaurants. Plaintiff worked for JC-4 from approximately September 2021 to May 2025 at the restaurant in Rialto, California. [Brouillette Decl."), ¶ 4.]

Plaintiff alleges JC-4 violated California wage and hour law in several respects during the Class Period. First, she alleges a failure to pay all minimum and overtime wages by (1) utilizing an unlawful rounding policy resulting in the underpayment of wages (2) requiring Class Members to arrive 15 minutes early per shift to attend daily meetings before clocking in, and to clock out and continue to work at the end of a shift; and (3) requiring Class Members to receive work-related text messages and phone calls made to their personal resulting while on break. Next, Plaintiff alleges JC-4 also failed to provide compliant meal periods as meal periods were either interrupted or started late due to job demands. She also alleges Defendant failed to provide legally compliant rest periods, as rest periods were required to be taken on Defendant's premises, and were oftentimes interrupted or late. She further claims Defendant did not reimburse business expenses incurred by Class Members for the use of their personal cellular phones. Lastly, she alleges Defendant failed to provide accurate, itemized wage statements and failed to pay all wages owed upon the separation of employment. [Brouillette Decl.), ¶ 5.]

Based on these allegations, on June 16, 2023, Plaintiff filed the underlying class action complaint on behalf of herself and the Class Members, asserting claims for (1) failure to pay minimum wages; (2) failure to pay overtime; (3) failure to provide meal periods; (4) failure to provide rest periods; (5) failure to provide itemized wage statements; (6) failure to reimburse business expenses, (7) failure to pay all wages due at termination; and (8) unfair competition. After exhausting his administrative remedies, Plaintiff filed a First Amended Complaint adding claims under PAGA based on the same alleged Labor Code violations. [Brouillette Decl., ¶ 6.]

JC-4 has at all times denied Plaintiff's allegations and maintained its meal and rest break and payroll policies and procedures comply with California law, and that it provided the class members with required meal and rest breaks. Additionally, JC-4 contends its timekeeping and payroll policies accurately track and pay for all hours worked by its employees and at the correct rates of pay. It also strongly contends the case cannot be maintained as any kind of class or representative action, arguing for example that to the extent class members missed meal and/or rest breaks, or that such breaks were non-compliant, it was intermittent and infrequent and evidence of such missed breaks would be purely anecdotal, and therefore individualized issues predominate and trial on a representative basis would be unmanageable. [Brouillette Decl., ¶ 7.]

After Plaintiff filed her complaint, the Parties initiated discovery and also engaged in numerous meet and confer discussions regarding discovery, potential law and motion, and potential ADR. Ultimately, the Parties agreed to mediation and also agreed to an informal exchange of information to facilitate meaningful settlement discussions. The Parties then retained Henry Bongiovi, Esq., a respected neutral with experience mediating wage and hour class actions. In August 2024, the Parties participated in a mediation with Mr. Bongiovi that resulted in this settlement. (Brouillette Decl., ¶¶ 6-7.) The Court preliminarily approved the settlement on June 2, 2025.

Class Notices were mailed to class members on June 23, 2025, and Class Members had until August 7, 2025 to opt out or object to the proposed settlement. [Declaration of Lluvia Islas ("Islas Decl."), ¶¶ 5, 8-10.]

## III. <u>THE PROPOSED SETTLEMENT TERMS</u>

Under the settlement, JC-4 will pay $625,000.00 into a common fund, the Gross Settlement Amount. Reasonable attorney's fees of up to $208,333.33 (1/3 of the GSA), litigation costs of up to $25,000 (only $20,324.09 is requested), an enhancement award to Plaintiff of up to $10,000, settlement administration costs of $21,000, and $50,000 for civil penalties under PAGA (of which 75%, or $37,500, will go to the Labor & Workforce Development Agency, and 25%, or $12,500 will go to the Aggrieved Employees) all will be paid from the Gross Settlement Amount. The remainder of approximately $315,342 will be allocated among the Participating Class

Members based on their total pay periods worked during the Class Period. No portion of the Gross Settlement Amount will revert to JC-4. [Brouillette Decl., ¶ 10.]

**A. Certification of the Settlement Class**

The Court conditionally certified a settlement class including all persons employed by JC-4 in California and classified as a non-exempt hourly employee who worked for JC-4 during the Class Period of June 16, 2019 to July 15, 2024. The Settlement Administrator ultimately mailed class notices to 1,699 individuals identified as members of the Class. [Islas Decl., ¶ 5.] Nothing has changed to require reconsideration of the Court's certification of the Settlement Class.

**B. The Benefit Conferred on the Settlement Class**

This is a cash settlement that does not 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. Ten percent of each settlement share will be allocated to wages and the remaining ninety percent will be allocated to penalties and interest. JC-4 will pay any and all applicable employer-side payroll taxes separately and in addition to the Gross Settlement Amount. Subject to the Court's approval, any amounts not claimed (because a class member does not cash his or her settlement check) will be forwarded to the State Controller's Unclaimed Property Fund. [Brouillette Decl., ¶ 12.]

Each Participating Class Member will receive a share of the Net Settlement Amount based on his or her total weeks worked for JC-4 during the Class Period while employed in a non-exempt position. Thus, each Class Member's Individual Settlement Payment will be calculated using criteria typically used in determining appropriate amounts of unpaid wages, unpaid premium wages for missed meal and rest 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 JC-4 and the number of instances they missed a meal break and/or rest break, were not provided compensation in lieu of such missed breaks, or lost pay due to the alleged rounding and regular rate issues. [Brouillette Decl., ¶ 13.]

The average class settlement award will be approximately $185, and class awards will range from $3.17 to $1,064. The average PAGA award will be about $7.36, and PAGA awards will range from $0.91 to $41. [Islas Decl., ¶¶ 13-14.]

### C. Settlement Administration

Phoenix Settlement Administrators, as the Court-approved Settlement Administrator, mailed the Notice Packet to the Class members after making all reasonable effort to ascertain the best mailing address, including running each address through the National Change of Address database and "skip-tracing" any Notice Packets returned as undeliverable. [Islas Decl., ¶¶ 3-7.] The Class Notice, previously approved by the Court, duly informed Class Members of the settlement terms, including the estimated relief each Class Member will receive, the amounts to be requested for attorney’s fees and the class representative enhancement awards, and the right to opt out of or object to the settlement. [Islas Decl., ¶ 5; Exh. A.] Phoenix mailed 1,699 Notice Packets on June 23, 2025. [Islas Decl., ¶ 5.] Ultimately, 19 Notice Packet was deemed undeliverable, representing a 98.9% success rate. [Islas Decl., ¶ 7.] The response window for opting out of or objecting to the settlement expired on August 7, 2025. [Islas Decl., ¶¶ 8-10.] As of the filing of this motion, Phoenix has received zero requests for exclusion (for a 100% participation rate), and zero objections to the settlement. No disputes have been submitted regarding the information used to calculate class member settlement shares. [Islas Decl., ¶¶ 8-10.]

### D. Release of Claims

All Participating Class Members will release JC-4 from all claims alleged in the operative complaint, or that could have been brought based on the factual allegations in the operative complaint during the Class Period. Plaintiffs and the LWDA will release those PAGA claims alleged in the PAGA notice to the extent alleged in the operative complaint. The Class and PAGA releases are limited to the claims that were actually pleaded or could have been pleaded based on the alleged facts in the operative complaint, and the PAGA notice for the PAGA claims. Only Plaintiff is entering into a full general release of all claims and waiver of Civil Code section 1542.

[Brouillette Decl., ¶ 17.]

**E. <u>PAGA Penalties and Notice to the LWDA</u>**

As noted, the Parties allocated $50,000 from the GSA to resolution of Plaintiff's alleged claims for PAGA civil penalties, and Plaintiff submits that amount is fair, adequate and reasonable, and furthers PAGA's underlying purposes. As required by Labor Code section 2699(*l*)(2), Plaintiff gave notice of the settlement and the final approval hearing to the LWDA via its online portal. [Brouillette Decl., ¶ 19; Exh. 1.]

## IV. <u>ARGUMENT</u>

The law favors settlement, particularly in class actions where substantial resources can be conserved by avoiding the time, cost, and rigors of formal litigation. H. Newberg & A. Conte, 4 <u>Newberg on Class Actions</u> (4th ed. 2002), § 11.41; <u>Class Plaintiffs v. City of Seattle</u> (9th Cir. 1992) 955 F.2d 1268, 1276, <u>cert. denied</u>, 506 U.S. 953; <u>Van Bronkhorst v. Safeco Corp.</u> (9th Cir. 1976) 529 F.2d 943,950; <u>Potter v. Pacific Coast Lumber Co.</u> (1951) 37 Cal.2d 592, 602. Nevertheless, to make certain the rights of absent parties are not unjustly compromised, the settlement of a class action requires court approval. Cal. Rule of Court 3.769; <u>Dunk v. Ford Motor Co.</u> (1996) 48 Cal.App.4th 1794, 1801; <u>Wershba v. Apple Computer</u> (2001) 91 Cal.App.4th 224, 245. The purpose of that judicial review is to protect against fraud or collusion, and to ensure fairness to absent class members. <u>Dunk</u>, 48 Cal.App.4th at 1800-01; Newberg, at §§ 11.22, et seq. Review is accomplished through a two-step process intended to determine whether, under the totality of circumstances, the settlement is fair, reasonable and adequate. <u>Dunk</u>, 48 Cal.App.4th at 1801; <u>Wershba</u>, 91 Cal.App.4th at 245.

On a motion for final approval, the trial court is charged with determining whether, in light of the total circumstances of the action and the response of the class members to the proposed settlement, the settlement is fair, reasonable, and adequate. <u>Dunk</u>, 48 Cal.App.4th at 1801-02; <u>Wershba</u>, 91 Cal.App.4th at 244-45. The court has broad discretion in making that determination and may consider a number of relevant factors, including: the strength of plaintiff's case; the likelihood of potential recovery; the risk, expense and likely duration of further litigation; the amount offered in settlement; the extent of discovery and stage of the proceedings; the experience and opinion of counsel; and the reaction of class members to the settlement. Id. In light of the strong judicial policy favoring the settlement of class actions, courts generally apply a presumption of fairness to a proposed class action settlement when: (1) the settlement is reached through arm's-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.

The proposed settlement of this action warrants final approval under the standards summarized above. The settlement is fair, reasonable and adequate, and represents a favorable resolution of highly disputed claims. Further, the settlement was overwhelmingly approved by the class members, as there were no objections and no class members opted out.

### A. The Settlement Is the Product of Arm's-Length, Informed Negotiations

The settlement is not the result of fraud or collusion. Rather, the proposed settlement was reached following arm's-length negotiations presided over by Henry Bongiovi, Esq., a highly respected and well-known mediator with extensive experience mediating wage and hour class actions. [Brouillette Decl., ¶ 7.] Moreover, Plaintiff and his counsel were well-informed about the facts and the law, and counsel Zachary M. Crosner and Brandon Brouillette have years of litigation experience, including litigating wage and hour class actions. Plaintiff's counsel are well-qualified to evaluate the risks and benefits of pursuing further litigation or settling the matter. [Brouillette Decl., ¶¶ 29-37.] Defendant likewise was represented by highly-qualified and experienced defense counsel. Both sides advocated vigorously for their clients, and nothing was "left on the table."

### B. The Class Reacted Favorably to the Settlement

The settlement was well-received by the class. As of the filing of this motion, no objections have been filed, and zero Class Members requested exclusion. [Islas Decl., ¶¶ 8-9.] As many courts recognize, class member reaction to the settlement is one of the most important factors to consider in determining if final approval should be granted. Mandujano v. Basic

Vegetable Prods., Inc., 541 F.2d 832, 837 (9th Cir. 1976); see also In re: American Bank Note Holographics, 127 F.Supp.2d 418, 425 (S.D.N.Y. 2001) ("It is well-settled that the reaction of the class to the settlement is perhaps the most significant factor to be weighed in considering its adequacy") (internal quotation marks omitted).

### C. The Settlement Is Fair and Reasonable Considering the Benefits Conferred, the Case Value, and Significant Litigation Risks

Prior to mediation, the parties engaged in both formal and informal discovery to facilitate settlement discussions. As a result, Plaintiff reviewed documents and information regarding JC-4's payroll practices, a representative sampling of pay stubs and time records for about 25% of the class members, applicable compensation plans, meal and rest break policies, etc., and information from Defendant regarding class size and breakdown, number of work weeks/pay periods, average rates of pay, and other information used to formulate a damages model. Plaintiff then had that information reviewed with the assistance of a consulting expert. Plaintiff's counsel are confident they obtained sufficient information to understand the law and facts of this case and make an informed decision regarding the proposed settlement and whether it is fair and reasonable. [Brouillette Decl., ¶¶ 8, 24.]

Next, the proposed settlement falls within the range of reasonableness warranting preliminary approval. The proposed settlement involves a significant sum that, when distributed, will confer direct monetary benefits on the class members. As described above, each class member will be entitled to a monetary payment without having to file a claim and each payment will be relative to the value of his or her potential claims. Through the information exchanged and analysis undertaken, Plaintiff and counsel weighed the risks of continued litigation against the benefits of the proposed settlement and determined settlement to be the most reasonable option.

Using the data obtained from Defendant, Plaintiff's experts ran various calculations and estimated JC-4's likely maximum exposure on the class claims at approximately **$5,851,150**, including about $1,305,395 on the unpaid wage/off the clock claim, $121,930 on the meal break claims, $112,400 on the rest break claims, $388,755 on the unreimbursed expense claim, $1,658,000 on the wage statement claims, and $2,264,670 on the waiting time penalty claims.

[Brouillette Decl., ¶¶ 25-26.] Plaintiff substantially discounted these numbers, however based on Defendant's many and varied potential defenses.

First, on the unpaid wage claims, Plaintiff alleges employees frequently had to work off the clock, including working while purportedly clock out on meal breaks and performing pre- and post-shift work before clocking in or after clocking out. As a result, Plaintiff contends she and the class members lost as much as 60 minutes of compensable time each week due to this off the clock work as well as lost time due to rounded off time time punches. In response, Defendant argued its timekeeping and payroll policies accurately tracked and paid for all employee time. It also argued that its policies forbade any "off the clock" work and, accordingly, if any off the clock work occurred it was intermittent and infrequent, against company policy, and done without the employer's knowledge or consent. 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). For these reasons, per JC-4, class certification of this issue would be impossible because innumerable individual inquires would be required to determine whether any compensable "off the clock" work occurred. [Brouillette Decl., ¶ 27.]

On the meal period claims, Plaintiff alleged several violations. First, she argued that, regardless of whether JC-4's written policies were compliant, there were significant "de facto" violations for missed, late, and short meal periods. Per Plaintiff, her expert's review of the sampling of time records produced suggested several thousand meal violations during the class period. Plaintiff further emphasized that, although the records show Defendant paid at least some meal break premiums, it did not start doing so until about half way through the class period. Thus, Plaintiff contends there were thousands of documented violations that went uncompensated. [Brouillette Decl., ¶ 28.]

In response, Defendant argued its break policies were fully compliant with California law, and that it provided all required meal periods and thereby met its obligations under the Labor Code and applicable Wage Order. Further, Defendant argued to the extent employees missed a 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 whether the potential violation resulted from employee choice or some other reason. Consequently, per Defendant, individualized inquiries would dominate on this issue and render class certification inappropriate. Defendant also emphasized it paid thousands of dollars in meal premiums for documented alleged violations in its good faith efforts to comply. [Brouillette Decl., ¶ 29.]

For the rest break claim, Plaintiff similarly argued that Defendant frequently provided non-compliant rest breaks, as the Class Members often had to skip rest breaks or received shortened rest breaks due to the hectic nature of the work, had to be available to respond to texts/phone calls. Interestingly, JC-4 actually had its employees clock in/out for rest breaks, and Plaintiff contends those records reflect "de facto" violations similar to the meal break issue, where breaks either were untimely, short, or not recorded at all. As with meal breaks, Defendant argued its rest break policies complied with California law and that it authorized and permitted employees to take all required rest breaks, and again that individualized issues would predominate in determining why a rest break allegedly was missed or non-compliant. [Brouillette Decl., ¶ 30.]

On the expense reimbursement claim, Plaintiff alleges that use of personal cellular phones was necessary and consequential to employment with Defendant, including having to download an app for purposes of obtaining payroll information. Defendant did not reimburse employees for the cost associated with the use of the personal cellular phones for Defendant's benefit. Cochran v. Schwan's Home Serv. (2014) 228 Cal.App.4th 1137, 1144. In response, JC-4 argued it provided employees with all tools and equipment necessary to perform their job duties and, to the extent employees used their own phones, it was purely for personal convenience, was not necessary to their employment, and therefore was not reimbursable. [Brouillette Decl., ¶ 31.]

Finally, Plaintiff also alleged derivative claims under Labor Code § 226 (alleged inaccurate wage statement violations) and §§ 201-203 (waiting time penalties). These claims are based on the unpaid wage claims and will rise or fall along with those primary claims, 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). Defendant argued further that the wage statements accurately contained all required information, and that acted in good faith all times with respect to payment of wages. Plaintiff estimated the exposure on these claims at about Accordingly, Plaintiff discounted the derivative claims significantly in light of these multiple potential defenses. [Brouillette Decl., ¶ 32.]

As far as potential PAGA liability, the alleged aggrieved employees theoretically are entitled to penalties totaling about $5.4 million should Plaintiff prevail on all claims, establish violations of the multiple Labor Code sections at issue, and secure the maximum penalty on all claims for each and every pay period at issue. [Brouillette Decl., ¶ 33.] As with the class claims, Plaintiff discounted the potential PAGA penalties based on Defendant's various defenses on the merits and also accounted for the Court's wide discretion to reduce such penalties, or to decline to award penalties at all. Labor Code § 2699(e)(2); Carrington v. Starbucks Corp. (2018) 30 Cal.App.5th 504 (trial court awarded penalties of $5 per pay period after a bench trial, 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 $50,000 to PAGA penalties.

Plaintiff submits this amount is reasonable under the circumstances and in line with comparable settlements in other wage and hour class actions in California. *E.g.*, 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 resolution unachievable or might deny certification of all or some of Plaintiff's claims. Furthermore, even if Plaintiffs obtained certification of all or some of the claims, continued litigation would be 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. Overall, while Plaintiff is confident in the merits of his claims, a legitimate controversy exists as to each cause of action. Plaintiff also recognizes proving the amount of wages and penalties due each Class Member would be an expensive and uncertain proposition. [Brouillette Decl., ¶ 34.]

Plaintiff and 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. Plaintiff 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 $625,000 recovery represents a significant percentage of Defendant's potential exposure and, given the risks addressed above, a total recovery for the class of $625,000, which will result in average award of some $185 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. [Brouillette Decl., ¶ 35.]

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). Plaintiff and her counsel submit the settlement is within the "range of reasonableness," and is fair and adequate for the Class.

## V. PLAINTIFF'S ENHANCEMENT AWARD

Pursuant to the terms of the settlement, Plaintiff seeks a modest incentive award of $10,000 for her service in bringing these claims on behalf of the Class. The request is reasonable given the risks she undertook on behalf of the Class Members, and by contacting and retaining counsel to pursue these claims, Plaintiff helped make this settlement possible for the absent Class Members, while shouldering the risk of being liable for Defendant's litigation costs. Plaintiff also exposed herself to unwanted notoriety related to filing a public lawsuit (discoverable even through a simple google search) for the benefit of other employees, placing himself at risk of discrimination by future prospective employers. As set forth in more detail in her declaration filed at preliminary approval, among taking many other actions assisting in the successful litigation of this case, Plaintiff provided substantial factual information and documents to counsel, attended numerous meetings/phone conferences with counsel to discuss the case, and kept abreast of all significant developments. [Declaration of Patricia Alvarado, ¶¶ 2-9; Brouillette Decl., ¶ 25.] Accordingly, the requested enhancement payments to Plaintiff is appropriate and justified as part of the settlement. Staton v. Boeing (9th Cir. 2003) 327 F.3d 938, 977 (collecting cases awarding class representatives service and incentive payments ranging from $2,000 to $25,000).

## VI. SETTLEMENT ADMINISTRATION COSTS

The settlement provides for a payment to Phoenix for its services as the Settlement Administrator. As set forth in the Declaration of Lluvia Islas, Phoenix has performed and will continue to perform its required duties through final distribution of the settlement funds and incurred $21,000 in fees and expenses. [Islas Decl., ¶ 15; Exh. B.] Plaintiff accordingly requests the Court approve payment of $21,000 to Phoenix from the GSA. [Brouillette Decl., ¶ 26.]

## VII. ATTORNEY'S FEES AND COSTS

### A. The Attorney's Fees Requested Are Fair and Reasonable and Should Be Approved

This Court has discretion over the amount of attorneys' fees awarded and court approval is required for Class Counsel's fees. Cal. Rule of Court 3.769; Levy v. Toyota Motor Sales, U.S.A. (1992) 4 Cal.App.4th 807, 813; Lealao v. Beneficial Cal., Inc. (2000) 82 Cal.App.4th 19. In defining a reasonable fee, the Court should attempt to mimic the marketplace for cases involving significant contingent risk, such as this one. Deposit Guaranty Nat'l Bank, Jackson, Miss. v. Roper (1980) 445 U.S. 326, 338, rehg. den. 446 U.S. 947; Lealao, 82 Cal.App.4th at 49-50 (court should attempt "to award the fee that informed private bargaining, if it were truly possible, might have reached" in determining a reasonable fee, and a fee award should approximate a "range of fees freely negotiated in comparable litigation"). Here, Class Counsel's request for attorney's fees and costs is reasonable and justified by the work performed, the benefits obtained, and the contingent risk assumed.

As addressed in detail above, at the time the parties reached the tentative settlement success for Plaintiff and the putative class was far from certain. Plaintiff faced a real risk that some or all the claims would not be certified for class treatment, as Defendants had strong arguments that its compensation policies were legal and properly compensated the class members. Even if Plaintiff certified some or all of the claims and ultimately prevailed on the merits, it undoubtedly would have taken several years to realize any recovery while they pursued class certification, trial, and an almost certain appeal. [Brouillette Decl., ¶¶ 15-20.]

Nonetheless, Plaintiff succeeded and expeditiously obtained the relief she set out to obtain, and the settlement provides substantial cash payments to Class Members, with an average award of over $185, and with a maximum award of over $1,060. Importantly as well, the Class Members have been overwhelmingly supportive of the Settlement – as of the filing of this motion, there are no objections and no opt outs to the settlement. [Islas Decl., ¶¶ 8-9.]

**B. The Requested Fee Award Is Reasonable and Appropriate**

The United States Supreme Court has ruled the parties to a class action properly may negotiate not only the settlement of the action itself but also the payment of attorney's fees. Evans v. Jeff D. (1986) 475 U.S. 717, 734-35, 738, fn. 30.) In Hensley v. Eckerhart (1983) 461 U.S. 424, 437, the Supreme Court explained that negotiated, agreed-upon attorney's fee provisions are the ideal towards which the parties should strive: "A request for attorney's fees should not result in a second major litigation. Ideally, of course, litigants will settle the amount of a fee." The United States Supreme Court has reemphasized this policy and further stressed trial courts have “a responsibility to encourage agreement" on fees. Blum v. Stenson (1984) 465 U.S. 886, 902 n.19.

As part of the Settlement, JC-4 agreed not to object to an award of no more than 33.3% of the GSA for attorney's fees, or $208,333.33, and up to $25,000 in reimbursement for litigation costs and expenses (although only $20,324.09 is requested). Such a fee is commensurate with what the market would provide for similar services and the Court therefore can most certainly enforce the agreement. As California's Court of Appeal has instructed:

> Given the unique reliance of our legal system on private litigants to enforce substantive provisions of law through class and derivative actions, attorneys providing the essential enforcement services must be provided incentives roughly comparable to those negotiated in the private bargaining that takes place in the legal marketplace, as it will otherwise be economic for defendants to increase injurious behavior.

Lealao, 82 Cal.App.4th at 47.

Here, the parties did not negotiate the inclusion of attorney's fees until after extensive arms-length bargaining regarding relief to the Class was completed. [Brouillette Decl., ¶ 27.] The requested fee and cost award was a product of these arms-length negotiations and fairly reflects the marketplace value of the services rendered by Class Counsel in this case. As a result, the fee agreed to by the parties should be approved.

### C. Class Counsel's Fees are Justified When Calculated as a Percentage of the Common Fund

In approving fee applications, courts typically apply either a percentage-of-recovery method or the lodestar method. Laffitte v. Robert Half Int'l., Inc. (2016) 1 Cal.5th 480, 489; Wershba v. Apple Computer, Inc. (2001) 91 Cal.App.4th 224, 254, disapproved on other grounds, Hernandez v. Restoration Hardware, Inc. (2018) 4 Cal.5th 260. The California Supreme Court recently recognized the advantages and equities of calculating attorney's fees using the percentage-of-the-common-fund method in another wage-and-hour case:

> The recognized advantages of the percentage method-including relative ease of calculation, alignment of incentives between counsel and the class, a better approximation of market conditions in a contingency case, and the encouragement it provides counsel to seek an early settlement and avoid unnecessarily prolonging the litigation convince us the percentage method is a valuable tool that should not be denied our trial courts.

Laffitte, 1 Cal.5th at 503 (citations omitted).

Indeed, both California and federal courts have long recognized an appropriate method for determining the award of attorney's fees is based on a percentage of the total value of benefits afforded to class members by the settlement. Serrano v. Priest (1977) 20 Cal.3d 25, 34; Boeing Co. v. Van Gernert (1980) 444 U.S. 472, 478; Vincent v. Hughes Air West, Inc. (9th Cir. 1977) 557 F.2d 759, 769. Awarding a fee based on a percentage of the common fund recovered operates to "spread litigation costs proportionately among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." Vincent, 557 F.2d at 769.

In determining a reasonable common fund fee award, courts should also consider the fact that fees serve as an economic incentive for lawyers to bring class action litigation to achieve increased access to the judicial system for meritorious claims and to enhance deterrents to wrongdoing. Conte, Attorney Fee Awards (2d ed. 1993) § 104. Without prosecution on a contingent basis and use of the class action mechanism, the courthouse door would effectively be closed to most class members due to the relatively small size of their individual claims in relation to the enormous time and cost associated with class action litigation.

Here, Class Counsel seek a fee award for their successful prosecution and resolution of this action of no more than 33.3% of the GSA, and specifically $216,450. The percentage requested is justified for the reasons set forth further below, and comports with fee awards calculated on a percentage-of-the-benefit basis. Indeed, review of class action settlements shows that courts have historically awarded fees in the range of 20 to 50 percent, depending upon the circumstances of the case. In re Warner Communications Sec. Litig. (S.D.N.Y. 1985) 618 F.Supp. 735, 749-50 (concluding that percentage fees in common fund cases range from 20 to 50 percent); Newberg, Newberg on Class Actions (3d ed.) § 14.03, pp. 13-14 ("Usually 50% of the fund is the upper limit on a reasonable fee award from a common fund in order to assure that the fees do not consume a disproportionate part of the recovery obtained for the class, although somewhat larger percentages are not unprecedented.").

**D. A Lodestar Cross-Check Also Supports Class Counsel's Fee Request**

To ensure the fairness of an attorney's fee award, courts frequently conduct a lodestar cross check of counsel's fees. "A lodestar cross-check thus provides a mechanism for bringing an objective measure of the work performed into the calculation of a reasonable attorney fee." Laffitte, 1 Cal.5th at 504. Here, Class Counsel spent 162.5 hours of time on this matter, resulting in a modest and very reasonable lodestar of $130,040.

As is fully detailed in the Brouillette Declaration, Class Counsel's efforts included: (1) extensive pre-lawsuit investigation of the claims of Plaintiff and the putative class, including legal research, research into similar claims and claims against other employers in the same industry, and attempts to locate and contact other employees of the Defendant; (2) drafting a PAGA notice letter; (3) drafting the initial complaint and related documents; (4) case management, including communications with defense counsel, meeting and conferring/preparing case management statements, etc.; (5) lengthy discussions with defense counsel regarding settlement/mediation and informal discovery needed for meaningful settlement discussions; (6) engaging in substantial informal discovery, including propounding informal discovery "requests" and reviewing documents and other information produced; (7) working with a consulting expert on the analysis of Defendant's production; (8) drafting a mediation brief and accompanying damages model after review and analysis of defendant's formal and informal discovery production; (9) attending an all-day mediation; (10) negotiating and drafting the settlement agreement and related documents; (11) drafting the motion for preliminary approval, and attending the hearing; (12) administration of the settlement, including communications with the Settlement Administrator and settlement class members; (13) drafting the motion for reconsideration as to the enhancement award, (14) final approval and attorney's fees, and attending the final approval hearing; and (15) extensive communications with the Plaintiff regarding case status, case investigation and document review, mediation, and settlement terms. [Brouillette Decl., ¶ 28, Exh. 2.] Additionally, Class Counsel will incur additional time following final approval to, inter alia, respond to class member inquiries, attend to distribution of settlement funds, and on the compliance hearing.

In pursuing this matter, Class Counsel incurred total attorney's fees of $130,040, and the lodestar is based on an eminently reasonable number of hours worked to litigate this matter to a successful conclusion (162.5 attorney hours), and the requested attorney hourly rates are reasonable and comport with hourly rates charged by other attorneys with similar experience in this practice area in California. On a lodestar basis, the fee request of $208,333.33 results in a multiplier of 1.6, which is a modest enhancement entirely in line with California law. [Brouillette Decl., ¶¶ 28-47.] Indeed, California courts routinely approve multipliers in the in the 2-4 range to compensate for the time and risk of class action cases. <u>Chavez v. Netflix, Inc.</u> (2008) 162 Cal.App.4th 43, 66 (affirming attorneys' fee award including an upward multiplier of 2.5); <u>Wershba</u>, 91 Cal.App.4th at 255 ("Multipliers can range from 2 to 4 or even higher."); <u>City of Oakland Oakland Raiders</u> (1988) 203 Cal.App.3d 78, 85 (affirming a multiplier of 2.34).) Class Counsel submits that the requested 1.60 multiplier effectively operates to show that the percentage fee request is reasonable considering the challenges presented in this contingency fee matter, and appropriately compensates Class Counsel for the contingent risk assumed and delay in payment during the 2+ years counsel has been representing Plaintiff. Thus, the multiplier results in a fee constituting a fair return on the contingency.

### E. The Award is Supported By 1) the Results Achieved; 2) the Risk, 3) the Skill Required, 4) the Contingent Nature of the Fee and 5) Awards in Similar Cases.

What has now emerged in most fee award decisions is the recognition that fee determinations in both common fund and statutory fee situations are incapable of mathematical precision because of the intangible factors that must be resolved in the court's discretion based on the circumstances of each particular case. Conte, § 207, p. 44. In determining an appropriate fee in a common fund case, a Court must decide, based on the unique posture of each case, what percentage of the common fund would most reasonably compensate Class Counsel given the nature of the litigation and the performance of counsel. Paul, Johnson, Alston & Hunt v. Graulty (9th Cir. 1989 886 F.2d 268, 272) (the benchmark percentage fee may be adjusted to account for the circumstances involved in a case).

Courts apply a five-part test in calculating a reasonable percentage fee in common fund cases: (1) the results achieved; (2) the risk of litigation; (3) the skill required and the quality of work; (4) the contingent nature of the fee and the financial burden carried by the plaintiffs; and (5) awards made in similar cases. Laffitte, 1 Cal.5th at 489.

#### 1. The Results Achieved.

Class Counsel obtained an excellent result in this case for the Class Members. The Settlement provides real monetary benefits to the Class Members, and the Settlement is particularly advantageous to the Class Member because the proceeds will be distributed shortly as opposed to waiting additional years for a similar, or possibly, less favorable result. Considering many individual claims would be very modest and would not be cost-effective to pursue successfully, the Settlement provided them with fair compensation for their claims. Moreover, the absence of any objection to either the Settlement or the attorney's fee request bolsters the excellent results. Indeed, the approval of the Class is overwhelming as indicated by the fact that not only one class member opted out. Additionally, the settlement amounts to a substantial percentage of the maximum value of the amount the Class might have obtained if it had tried the case and recovered on all theories seeking recovery of wages and penalties. "It is well-settled law that a cash settlement amounting to only a fraction of the potential recovery does not per se render the settlement inadequate or unfair." In re Omnivision Techs., Inc., 559 (N.D. Cal. 2008) F.Supp.2d 1036, 1042.

**2. Class Counsel Bore Considerable Risk.**

At the time of filing the complaint, Class Counsel recognized that they would have to expend a substantial amount of time and advance significant costs to prosecute a statewide class action suit with no guarantee of compensation or reimbursement, in the hope of prevailing against a sophisticated company represented by first-rate attorneys. Despite their belief in the validity of Plaintiff's claims, they also knew they faced substantial risks of class certification and the ability to prove class-wide and individual damages. In light of the highly uncertain nature of this suit, Class Counsel also bore the risk that Defendant would dig in and attempt to bury their small firm in work. Given the small size of Class Counsel's firm, not receiving any compensation for several years while simultaneously advancing litigation costs posed considerable risk and difficulty. [Brouillette Decl., ¶¶ 48-49.]

**3. The Skill Required and the Quality of Work.**

Practice in the narrow area of wage and hour litigation requires skill, knowledge and experience. The issues presented in this case required more than just a general appreciation of wage and hour law and class action procedure. This Settlement was possible only because counsel persuaded Defendant that Plaintiff and the putative class had a realistic chance of prevailing on their claims despite Defendant's contrary arguments, and that the case would be pursued through class certification and trial if necessary. In successfully navigating these hurdles, Class Counsel displayed appropriate skill while pursuing a risky and difficult case.

### 4. The Contingent Nature of the Fee and Risk Assumed

There is a substantial difference between the risk assumed by attorneys being paid by the hour and attorneys working on a contingent fee basis. The attorney being paid by the hour can go to the bank with his fee. Powers v. Eichen (9th Cir. 2000) 229 F.3d 1249, 1256. The attorney working on a contingent basis can only log hours while working without pay towards a result that will hopefully entitle him to a market fee considering the risk and other factors of the undertaking. Id. at 1257. Otherwise, the contingent fee attorney receives nothing. Id. In this case, Class Counsel subjected themselves to this risk in this all or nothing contingent fee case wherein the necessity and financial burden of private enforcement makes the requested award appropriate.

Counsel retained on a contingency fee basis, whether in private matters or in class action litigation, is entitled to a premium beyond their standard, hourly, non-contingent fee schedule to compensate for both the contingent risk assumed and the delay in payment. The simple fact is that despite the most vigorous and competent of efforts, success is never guaranteed. McKittrick v. Gardner (4th Cir. 1967) 378 F.2d 872, 875. Indeed, if counsel is not adequately compensated for the risks inherent in difficult class actions, competent attorneys will be discouraged from prosecuting similar cases. Ketchum v. Moses (2001) 24 Cal.4th 1122, 1132-33; Cazares v. Saenz (1989) 208 Cal.App.3d 279, 287.

Here, the contingent fee practices of Plaintiff's counsel simply do not accommodate the investment of unnecessary time in a case, and the adverse resolution of any one of several difficult issues present in this matter could have doomed the entire effort. As discussed, the attorney's fees in this case were not only contingent but fairly risky, and there was always a distinct possibility Plaintiff's counsel would receive nothing for any number of reasons. [Brouillette Decl., ¶¶ 48-49.] Accordingly, the contingent nature of the fee and the financial burdens on Class Counsel also support the fee requested.

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### 5. Awards in Other Cases

As discussed, the attorney's fees requested by Class Counsel are within the range of fees awarded in comparable cases, as California courts regularly approve class action fee awards amounting to 1/3 of a common fund, as approved by the California Supreme Court in Lafitte. Additionally, review of class action settlements over the past 10 years shows that the courts have historically awarded fees in the range of 20 to 50 percent, depending upon the circumstances of the case. In re Warner Communications Sec. Litig. (S.D.N.Y. 1985) 618 F.Supp. 735, 749-50 (concluding that percentage fees in common fund cases range from 20 to 50 percent); Newberg, Newberg on Class Actions (3d ed.) § 14.03, pp. 13-14 ("Usually 50% of the fund is the upper limit on a reasonable fee award from a common fund in order to assure that the fees do not consume a disproportionate part of the recovery obtained for the class, although somewhat larger percentages are not unprecedented."). Class Counsel's requested fees equal to 33.3% the gross amount recovered on behalf of the class and are well within the range of reasonableness under either the percentage of the recovery or the lodestar method in light of the contingent risk assumed, the delay in payment, the result achieved, and the overall quality of the representation.

## F. Class Counsel's Costs and Expenses are Reasonable

Plaintiff's counsel also requests reimbursement of actual out-of-pocket expenses incurred to prosecute this action. These expenses were incidental and necessary to the effective representation of the employees, and Plaintiffs' counsel is permitted to recover litigation costs and expenses under the common fund doctrine and the Settlement Agreement. Serrano, 20 Cal.3d at 35 (common fund doctrine permits recovery of fees and costs from the fund); Rider v. County of San Diego (1992) 11 Cal.App.4th 1410, 1424 n.6 (costs are recoverable from the common fund "[o]f necessity, and for precisely the same reasons discussed above with respect to the recovery of attorneys' fees by ... [Plaintiffs'] attorneys"). Plaintiff's counsel also is entitled to recover "those out-of-pocket expenses that would normally be charged to a fee-paying client." Harris v. Marhoefer (9th Cir. 1994) 24 F.3d 16, 19.

As explained in the Brouillette Declaration, Class Counsel incurred a total of

$20,324.09 in expenses incurred in connection with this litigation. These expenses include the amounts paid for court filing fees, service of process, expert fees, postage, and mediation fees, all of which are costs normally billed to and paid by the client. These costs were reasonably incurred in the prosecution of this matter, and were necessary for the successful prosecution of the case and should be reimbursed in full. [Brouillette Decl., ¶¶ 50-51.]

## VIII. CONCLUSION

For all the foregoing reasons, Plaintiff Patricia Alvarado respectfully requests that the Court grant this motion and grant final approval of the proposed class action settlement and approve the payment of PAGA penalties to the State. Plaintiff further requests the Court approve payment of the Settlement Administrator's fees and expenses, approve the requested class representative enhancement payment, approve the award of attorney's fees and costs as requested, and enter judgment in this action. Finally, Plaintiff requests the Court set a final compliance hearing for September 24, 2026, or a later date convenient for the Court.

Dated: August 27, 2025

**CROSNER LEGAL, P.C.**

By: ______________________________

Brandon Brouillette
Attorneys for Plaintiff Patricia Alvarado