ARCH Legal, P.C.
Nathan J. Reese (SBN 283150)
nreese@archlegal.com
Allison E. Schubert (SBN 339991)
aschubert@archlegal.com
3555 Fifth Avenue, Suite 200
San Diego, California 92103
Telephone: 619.692.0800
Facsimile: 619.692.0822

Attorneys for Plaintiffs

[Additional Counsel Listed on Following Page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

CHRISTOPHER DUDLEY, KATHERINE RENEE REEVES, PATRICE D. JOHNSON, and LARISSA ESPINOZA, on behalf of themselves and all other similarly situated and/or aggrieved employees of Defendant,

Plaintiff,

v.

FREEDOMROADS, LLC, a Minnesota limited liability company; and DOES 1 through 50 inclusive,

Defendant.

Case No.: 37-2023-00036238-CU-OE-CTL

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFFS' MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT

[IMAGED FILE]

Date: July 17, 2026
Time: 9:30 a.m.
Dept: C-72
Judge: Hon. Marcella O. McLaughlin

Complaint Filed: August 21, 2023
FAC Filed: May 13, 2026
Trial Date: None set

Joseph Lavi, Esq. (SBN 209776)
Vincent C. Granberry, Esq. (SBN 276483)
LAVI & EBRAHIMIAN, LLP
8889 W. Olympic Boulevard, Suite 200
Beverly Hills, California 90211
Telephone: 310.432.0000
Facsimile: 310.432.0001
jlavi@lelawfirm.com
vgranberry@lelawfirm.com

Attorneys for Plaintiffs

Nicholas J. Ferraro (SBN 306528)
Lauren N. Vega (SBN 306525)
Dorota A. James (SBN 309933)
Ferraro Vega Employment Lawyers, Inc.
3333 Camino del Rio South, Suite 300
San Diego, California 92108
Telephone: 619.693.7727
Facsimile: 619.350.6855
nick@ferrarovega.com
lauren@ferrarovega.com
dorota@ferrarovega.com

Attorneys for Plaintiffs

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I. INTRODUCTION

Plaintiffs Christopher Dudley ("Plaintiff Dudley"), Katherine Renee Reeves ("Plaintiff Reeves"), Patrice D. Johnson ("Plaintiff Johnson"), and Larissa Espinoza ("Plaintiff Espinoza") (collectively referred to as "Plaintiffs") seek preliminary approval of a $4,500,000.00 non-reversionary class action and Private Attorneys General Act ("PAGA") settlement ("Settlement") with Defendant FreedomRoads, LLC ("Defendant") (Plaintiffs and Defendant collectively referred to as the "Parties"). The Settlement was reached after extensive investigation by the Parties, including a thorough analysis and review of Defendant's employment policies and time and payroll records, employee interviews, and arm's-length negotiations with the assistance of an experienced mediator. Moreover, the Settlement is strongly supported by experienced counsel, who carefully considered the strength of the claims and Defendant's potential defenses thereto, as well as the risk, expense, complexity, and likely duration of continued litigation. The Settlement will provide a significant monetary recovery and the best possible result to the employees represented in this action. Therefore, the Settlement merits preliminary approval.

II. FACTUAL BACKGROUND AND PROCEDURAL HISTORY

A. Factual Allegations

This Settlement involves the wage and hour claims of approximately 1,726 non-exempt employees employed by Defendant in California from September 10, 2021 through February 24, 2026 ("Class Members"), as well as approximately 141 non-exempt Finance and Insurance ("F&I") Managers employed by Defendant in California during the same time frame ("F&I Manager Sub-Class Members"). (Declaration of Nathan J. Reese in Support of Plaintiffs' Motion for Preliminary Approval of Class Action and PAGA Settlement ("Reese Decl."), ¶ 128.)

Defendant specializes in the sale and servicing of recreational vehicles and accessory products, with multiple locations in California and across the United States. (Reese Decl., ¶ 16.)

Plaintiff Dudley worked for Defendant as a non-exempt service technician at Defendant's dealership in Fresno, California from February 8, 2021 to April 7, 2023. (Reese Decl., ¶ 12.) Plaintiff Reeves worked for Defendant as a non-exempt F&I Manager at Defendant's dealership in Vacaville, California from January 16, 2019 to May 6, 2023. (Reese Decl., ¶ 13.) Plaintiff Johnson worked for Defendant as a non-exempt sales representative at the Stevensen Ranch, California dealership from

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February 21, 2024 through August 9, 2024. (Reese Decl., ¶ 14.) Plaintiff Espinoza worked for Defendant as a non-exempt Business Development Representative from about February 2023 to May 2023. (Reese Decl., ¶ 15.) Plaintiffs were full-time employees that frequently worked overtime hours, earned hourly wages on a bi-weekly basis, and were paid incentives, commissions, and/or other non-discretionary pay. (Reese Decl., ¶¶ 12-15.)

Plaintiffs allege that Defendant failed to provide Class Members with compliant meal, rest, or recovery periods or pay premiums in lieu thereof; failed to pay all minimum, regular, overtime, and double time wages owed; failed to include all non-discretionary pay, including commissions, bonuses, and other incentive pay into the regular rate of pay; failed to pay paid sick leave; failed to timely pay all wages due upon separation of employment; failed to pay vested vacation at termination; failed to reimburse for business expenses; failed to furnish accurate itemized wage statements; failed to maintain accurate employment records; unlawfully deducted wages and commissions; failed to pay all commissions and contractual wages; violated California Business & Professions Code section 17200, *et seq*.; and violated the Private Attorneys General Act of 2004, Labor Code section 2698, *et seq*. (Reese Decl., ¶¶ 44–54.)

B. Discovery and Investigation Prior to Mediation

Plaintiffs' counsel conducted a thorough investigation into the merits of Plaintiffs' claims and the applicable law related thereto. (Reese Decl., ¶ 68.) Prior to mediation, Defendant informally produced Plaintiffs' complete personnel files; company handbooks and other policy documents; time records, payroll records, and attestation data for a randomly selected 25-percent sample of non-exempt employees, excluding F&I Managers; time records, payroll records, and attestation data for all F&I Managers; an anonymized class list with employees' dates of employment; total amounts of meal and rest period premiums paid; data points relating to the total number of current and former Class Members and PAGA Employees and the total number of pay periods and workweeks they worked; time audit trails, and commission calculation worksheets. (Reese Decl., ¶¶ 69, 71.) During continued settlement discussions following the mediation, Defendant informally produced data related to the regular rate of pay claim, recovery period policies, and a declaration that identified location closures, employee relocations, and other data necessary to assess a WARN claim. (Reese Decl., ¶ 72.) Plaintiffs' counsel also spent significant

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time conducting in-depth, fact-finding interviews with percipient witnesses in order to assess the relative strengths of each potential claim. (Reese Decl., ¶ 74.)

Thus, Plaintiffs' counsel has done extensive research and diligently investigated the applicable law and potential defenses to the claims of the putative class members. (Reese Decl., ¶ 68.) The documents and information exchanged and analyzed in preparation for mediation, as well as the Parties' discussions during and following mediation, were sufficient to make an informed decision about a fair resolution of this action. (Reese Decl., ¶ 80.)

III. SETTLEMENT TERMS

A. Class Members

The Class consists of all persons who are or were classified as non-exempt and performed work for Defendant in California during the Class Period. (Settlement, ¶ 1.9.) The F&I Manager Sub-Class is defined as all persons who were classified as non-exempt and performed work for Defendant in California as a Finance and Insurance Manager or similar position during the Class Period. (Settlement, ¶ 1.24.) The "Class Period" means the period from September 10, 2021 through and including February 24, 2026. (Settlement, ¶ 1.12.) The Waiting Time Sub-Class is defined as all Class Members who separated from employment with Defendant at least once at any time during the period commencing September 10, 2022 through and including February 24, 2026. (Settlement, ¶ 1.46.)

B. Settlement Amounts

Defendant will pay $4,500,000 in settlement of this litigation, excluding employer-side payroll taxes (the "Gross Settlement Amount"). (Settlement, ¶ 1.25.) The Net Settlement Amount will be the amount of the Gross Settlement Amount remaining after subtracting the Administration Expenses Payment of $18,250.00; the Class Representative Service Awards of $10,000.00 each, for an aggregate total of $40,000.00; Class Counsel's request for an award of attorneys' fees in an amount up to one-third (1/3) of the Gross Settlement Amount (i.e., $1,500,000.00), plus an award of actual litigation expenses incurred; and the PAGA Penalties of $350,000.00, 75% of which will be paid to the LWDA, and 25% will be distributed to PAGA Employees. (Settlement, ¶¶ 3.1-3.2.) The Net Settlement Amount will be distributed to the Participating Class Members (i.e., those who do not timely request exclusion from the

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Settlement). (Settlement, ¶ 1.39.) The Net Settlement Amount is currently estimated to be $2,541,750.00. (Reese Decl., ¶ 118.)

Defendant will provide the Administrator with sufficient funds to make all payments due to Plaintiffs, Class Counsel, the LWDA, the Administrator, and the Class Members, plus any owed payroll taxes, no later than twenty-one (21) calendar days after the Effective Date. (Settlement, ¶ 4.2.)

C. Individual Class Payments

Participating Class Members – i.e., those who do not submit a timely Request for Exclusion – will be paid Individual Class Payments from the Net Settlement Amount on a pro rata basis. (Settlement, ¶ 1.26.) Eighty-five percent (85%) of the Net Settlement Amount will be allocated to all Participating Class Members. (Settlement, ¶ 3.2(d)(i).) The remaining fifteen percent (15%) of the Net Settlement Amount will be allocated to Participating Class Members who are also members of the F&I Manager Sub-Class, which shall be in addition to their pro-rata share of 85% of the Net Settlement Amount. (Settlement, ¶ 3.2(d)(iii).) F&I Manager Sub-Class Members are receiving the separate allocation of 15% of the Net Settlement Amount because F&I Managers had unique claims for alleged misclassification and commission deduction violations; experienced a disproportionate amount of alleged meal period, rest period, and off-the-clock work violations; and were sometimes paid a higher regular rate of pay. (Reese Decl., ¶ 133.)

The Individual Class Payments will be calculated by dividing the Participating Class Member's or F&I Manager Sub-Class Member's individual number of workweeks worked during the Class Period by the total number of workweeks for all Participating Class Members or F&I Manager Sub-Class Members, and then multiplying that number by the applicable portion of the Net Settlement Amount. (Settlement, ¶ 3.2(d).) For Participating Class Members who are also members of the Waiting Time Sub-Class, an additional six (6) Workweeks shall be added to that Participating Waiting Time Sub-Class Member's total number of Workweeks for purposes of this calculation. (Settlement, ¶ 3.2(d)(ii).)

D. Individual PAGA Payments

The Administrator will calculate each PAGA Employee's share of the Individual PAGA Payment by dividing the PAGA Employee's individual number of pay periods worked by the total number of pay periods worked by all PAGA Employees during the PAGA Period, and then multiplying that number by

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the Individual PAGA Payment – i.e., the 25% portion of the PAGA Penalties, or $87,500.00. (Settlement, ¶ 3.2(e)(i).)

E. Disposition of Unclaimed Funds

Each Class Member who is mailed an Individual Class Payment and/or Individual PAGA Payment check will have 180 calendar days from the date of the mailing to cash the check. (Settlement, ¶ 4.3(a).) No unclaimed amounts will revert to Defendant. (Settlement, ¶ 3.1.) Any funds associated with checks from the Net Settlement Amount that remain uncashed after 180 days shall escheat to the state of California and shall be sent by the Administrator to the State Controller's Office, Unclaimed Property Division. (Settlement, ¶ 4.3(c).)

F. Limited Scope of Class Members' Release

As of the date Defendant fully funds the Gross Settlement Amount and the employers' share of payroll taxes pursuant to the terms of the Settlement, all Participating Class Members shall release the Released Parties from any and all Released Class Claims arising during the Class Period. (Settlement, ¶ 5.1.) The "Released Class Claims" are "any and all claims, actions, demands, causes of action, suits, debts, obligations, rights, liabilities, damages, penalties, wages, premiums, restitution, interest, attorneys' fees, costs, or legal theories of relief that were alleged in the Amended Complaint, or that are based on, arise out of, or reasonably relate to the facts, allegations, claims, causes of action, legal theories, or primary rights asserted in the Amended Complaint, including without limitation claims for alleged violation of California Labor Code sections 200, 201, 202, 203, 204, 210, 218, 218.5, 218.6, 221, 223, 224, 225.5, 226, 226.3, 226.7, 227.3, 245 et seq. (including but not limited to 246, 246.5, 247, 247.5, 248, 248.1, 248.2, 248.5, 248.6, and 248.7), 256, 510, 512, 516, 558, 558.1, 1102.5, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1400-1408, 2802, and 2804, the applicable IWC Wage Orders, including the "Meal Periods," "Rest Periods," "Hours and Days of Work," "Minimum Wages," "Uniforms and Equipment," and "Records" sections; the California Minimum Wage Order; applicable local minimum wage ordinances; California Code of Regulations, title 8, section 3395; California Business & Professions Code section 17200 *et seq*., breach of contract for unpaid wages, commissions, incentive compensation, bonuses, and contractual wages; unlawful deduction of wages and commissions, and failure to pay commissions; and all related claims for wages, premiums, penalties, liquidated damages, restitution, equitable relief, interest, attorneys' fees, and costs during the Class Period." (Settlement, ¶ 5.1.)

The proposed Settlement also resolves all PAGA Employees' representative claims for "civil penalties, attorneys' fees, costs, interest, or other relief pursuant to the California Private Attorneys General Act (codified in California Labor Code sections 2698-2699.5) that were alleged in the Amended PAGA Notice, or that are based on, arise out of, or reasonably relate to the facts, allegations, claims, causes of action, legal theories, Labor Code violations, or primary rights asserted in the PAGA Notices, Amended PAGA Notice, and/or Amended Complaint[.]" ("PAGA Released Claims"). (Settlement, at ¶ 5.2.)

IV. PRELIMINARY APPROVAL OF THE SETTLEMENT IS APPROPRIATE

"Public policy generally favors the compromise of complex class action litigation." *In re Cellphone Termination Fee Cases*, 180 Cal. App. 4th 1110, 1117-18 (2009). Settlement of a class action requires court approval to prevent fraud, collusion, or unfairness to the class. *Dunk v. Ford Motor Co.*, 48 Cal. App. 4th 1794, 1800-01 (1996). The purpose of the preliminary evaluation of a class action settlement is to determine whether the proposed settlement is within the range of possible approval, and whether notice to the class of the settlement terms and conditions and the scheduling of a formal fairness hearing are worthwhile. *Wershba v. Apple Computer, Inc.*, 91 Cal. App. 4th 224, 234-35 (2001). To determine whether a class settlement is fair, adequate, and reasonable, a court must be provided with "basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise." *Clark v. American Residential Services LLC*, 175 Cal. App. 4th 785, 799 (2009).

The trial court must exercise its discretion through the application of several well-recognized factors when deciding whether a class action settlement is fair. *Id*. The list of factors, which "is not exhaustive and should be tailored to each case," includes "the strength of plaintiff's case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement." *Kullar v. Foot Locker Retail, Inc.*, 168 Cal. App. 4th 116, 128

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(2008) (quoting *Dunk*, 48 Cal. App. 4th at 1801). Here, the proposed Gross Settlement Amount of $4,500,000.00 meets all the criteria for preliminary approval because it is supported by experienced counsel, was reached after hard-fought negotiations and extensive discovery, extinguishes the risk of continued litigation, provides significant monetary recovery to the Class Members, and provides a fair and adequate distribution of the settlement proceeds to the Class. (Reese Decl., ¶¶ 78–80.)

A. The Settlement is the Result of Arm's-Length Negotiations and is Presumptively Fair

California courts recognize that a "presumption of fairness exists where (1) the settlement is reached through arm's-length bargaining; (2) sufficient investigation allows 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.

1. The Settlement Was Reached Through Arm's-Length Bargaining

"[W]hat transpires in settlement negotiations is highly relevant to the assessment of a proposed settlement's fairness." *State v. Levi Strauss & Co.*, 41 Cal. 3d 460, 482 (1986). Courts presume the absence of fraud or collusion in the negotiation of a settlement unless evidence to the contrary is offered. In short, there is a presumption that the negotiations were conducted in good faith. William B. Rubenstein, et al., *Newberg on Class Actions* § 13:45 (5th ed. 2011-2017).

Here, the Settlement is the result of extensive, non-collusive negotiations between the Parties, conducted at arm's length, and informed by substantial factual and legal investigation. (Reese Decl., ¶¶ 68–78.) The Parties participated in a global mediation session on July 1, 2025, with Todd Smith, Esq., a well-respected, neutral third-party mediator who is well-versed and experienced in wage and hour class action cases. (Reese Decl., ¶ 36.) Mr. Smith provided a useful and neutral analysis of the issues and risks to all Parties. (Reese Decl., ¶ 77.) During the mediation session, and in the settlement discussions that followed, the Parties engaged in good-faith, non-collusive negotiations wherein the Parties exchanged additional information regarding Defendant's potential exposure, discussed the relative strengths and weaknesses of Plaintiffs' claims, considered the risks and delays of further litigation, researched the current state of the law as it related to Plaintiffs' claims, and contemplated the difficulty Plaintiffs may have in obtaining and maintaining class certification of each claim. (Reese Decl., ¶ 76.) At all times, the Parties' negotiations were hard-fought and conducted at arm's length between attorneys with substantial

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wage and hour class action experience, and the Settlement is evidence of the Parties' substantial efforts to reach a mutually agreeable compromise. (Reese Decl., ¶ 77.) Thus, the Settlement is presumptively fair and should be approved.

2. Sufficient Investigation Allowed Counsel to Act Intelligently

There is a presumption that a proposed settlement is fair and reasonable when there has been sufficient investigation and discovery to permit counsel and the court to act intelligently. *Dunk*, 48 Cal. App. 4th at 1802. Here, the Parties conducted a thorough investigation into the merits of Plaintiffs' class action claims prior to reaching this Settlement. (Reese Decl., ¶ 68.) Defendant informally produced Plaintiffs' complete personnel files; company handbooks and other policy documents; time, payroll, and attestation records; class and PAGA data points; commission calculation worksheets; time audit trails; and a declaration containing information necessary to assess a WARN claim. (Reese Decl., ¶¶ 69-72.) Plaintiffs reviewed and analyzed the information produced by Defendant and engaged in an interview campaign with putative class members to assess the strengths and weaknesses of the Parties' respective positions. (Reese Decl., ¶¶ 74–75.) Plaintiffs' counsel firmly believes that the information exchanged and analyzed is sufficient for the Parties to make an informed decision about a fair resolution of this action. (Reese Decl., ¶ 80.) This litigation had undoubtedly reached the stage where the Parties had a clear view of the strengths and weaknesses of their cases, sufficient to support the Settlement. *See Boyd v. Bechtel Corp.*, 485 F.Supp. 610, 617 (N.D. Cal. 1979).

3. Class Counsel is Highly Experienced in Similar Litigation and Supports Preliminary Approval

Although the recommendations of counsel proposing the class settlement are not conclusive, the Court can properly consider the recommendations, particularly if counsel have been involved in litigation for some period of time, appear to be competent, have experience with similar litigation, and have completed significant discovery. *Newberg on Class Actions* § 13:53 (5th ed. 2011-2017). Here, Class Members have been represented by well-qualified counsel who have years of experience in wage and hour class action litigation. (Reese Decl., ¶¶ 8-11; Declaration of Daniel U. Frydman in Support of Plaintiffs' Motion for Preliminary Approval of Class Action and PAGA Settlement ("Frydman Decl."), ¶¶ 41-43); Declaration of Nicholas J. Ferraro in Support of Plaintiffs' Motion for Preliminary Approval of Class

Action and PAGA Settlement ("Ferraro Decl."), ¶¶ 3, 9-20.) After reviewing the facts and evidentiary record and the relative strength of the claims, Class Counsel is of the opinion that the Settlement is fair, adequate, and reasonable, and should be approved. (Reese Decl., ¶¶ 79-80, 181; Ferraro Decl., ¶¶ 5, 21; Frydman Decl., ¶ 41.) Thus, this factor also supports preliminary approval of the Settlement.

B. The Settlement Provides Substantial Monetary Relief to the Class

To determine whether a class settlement is fair, adequate, and reasonable, courts must be provided with "basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise." *Kullar*, 168 Cal. App. 4th at 133; *Clark*, 175 Cal. App. 4th at 799. A settlement is not judged against what might have been recovered had a plaintiff prevailed at trial, nor does the settlement have to provide 100-percent of the damages sought to be fair and reasonable. *Wershba*, 91 Cal. App. 4th at 246, 250. Here, the Settlement results in a substantial benefit to all Class Members and is an excellent result in light of the strength of Plaintiffs' claims, Defendant's defenses, and the risks attendant to continued litigation.

1. The Settlement Provides Fair, Reasonable, and Adequate Relief to the Class Members in Light of the Significant Risks and Expenses of Further Litigation

While Plaintiffs maintain that their claims are meritorious and that they would have prevailed had the issues gone to trial, Defendant asserted legitimate defenses to many of Plaintiffs' claims. (Reese Decl., ¶¶ 55–67.) For instance, Defendant maintains that Plaintiffs would have difficulty certifying a class because Class Members (who worked in various non-exempt positions across dozens of worksites) attested to receiving their meal and rest breaks and being paid for all hours worked, which would necessitate individualized inquiries into whether Class Members experienced Labor Code violations. (Reese Decl., ¶ 67.) Defendant further maintains that Plaintiffs would not be able to prove the merits of their claims because Defendant did not have knowledge of any off-the-clock work; properly classified F&I Managers under the commissioned sales exemption; properly paid all commissions and overtime premiums; and did not willfully violate any Labor Code provisions, among other viable defenses (Reese Decl., ¶¶ 55–67, 106-107.)

Considering the strength of Defendant's defenses and other risks involved in litigating the case to

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trial, Plaintiffs could reasonably expect to have been awarded an amount significantly less than the maximum estimated recovery at trial. (Reese Decl., ¶¶ 105–108.) Moreover, to overcome Defendant's defenses at the certification stage and at trial, Plaintiffs would need to engage in formal discovery, including written discovery, witnesses' depositions, expert depositions, and damage analysis for trial purposes, as well as a significant amount of motion practice. (Reese Decl., ¶¶ 109–111.) Even if Plaintiffs were successful in certifying the class and proving the merits of the class action claims, Defendant would likely submit an appeal. (Reese Decl., ¶ 112.) Such efforts by Defendant would likely result in a delay of several years before this case could finally be resolved. (*Id.*)

This Settlement avoids these risks and expenses and instead provides for immediate and substantial monetary relief to the Class Members from the $4,500,000 Gross Settlement Amount. The Individual Class Payments are currently estimated to average approximately $1,251.73 per Class Member if all Class Members participate (reflecting only the base 85% allocation of the Net Settlement Amount distributed to all Participating Class Members, and excluding the separate 15% allocation payable solely to F&I Manager Sub-Class Members), with an additional Individual PAGA Payment that will average approximately $62.68. (Reese Decl., ¶¶ 129, 131.) This average Individual Class Payment rate represents a substantial recovery for Class Members without further delay.

2. The Amount Offered in Settlement Given the Estimated Value of the Claims Favors Preliminary Approval

As set forth in the accompanying Declaration of Nathan J. Reese, Class Counsel estimated a maximum-possible damages exposure of approximately $27,694,702.50 for the class claims and approximately $18,710,200 in PAGA penalties. (Reese Decl., ¶¶ 83, 85.) These amounts assumed that class certification would be granted and Plaintiffs would prevail on all claims at trial and recover the full amount of the estimated damages, including all potential civil penalties. (Reese Decl., ¶¶ 84, 102.) It also assumes PAGA penalties can be stacked—a practice now proscribed under the recent PAGA amendments. (Reese Decl., ¶ 85.) Accordingly, the maximum estimated value of the class and PAGA claims is premised on a potentially inflated "everything goes right" scenario for each claim. (Reese Decl., ¶ 84.) However, the possibility of recovery such a large amount is remote, particularly in light of the relative strength of Defendant's defenses. (*Id.* at ¶¶ 106-107.)

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Class Counsel also estimated a more realistic exposure taking into consideration the likelihood of success of class certification, the likelihood of success on the claims, and the potential for reduction in PAGA penalties and calculated a discounted exposure of $6,923,675.63 on the class claims and $2,338,775 on the PAGA claims. (*Id*. at ¶¶ 84, 102.)

With approximately 1,726 Class Members holding various positions at different worksites, class certification is by no means a certainty. (Reese Decl., ¶ 106.) Moreover, Defendant maintained facially compliant compensation and meal and rest break policies, and further required employees to fill out attestations regarding their breaks and hours worked, which pose additional obstacles to class certification. (*Id*.) Plaintiffs would also need to overcome challenges in certifying a class based on off-the-clock work, including the absence of timekeeping records evidencing such claims. (*Id*.) Furthermore, Defendant has potentially viable grounds for not only challenging liability, but also Plaintiffs' estimate of the potential value of each claim. (Reese Decl., ¶ 107.) Thus, while the $4,500,000 Gross Settlement Amount represents a significant discount on Plaintiffs' estimate of the overall exposure to Defendant, this reduction represents an extremely reasonable compromise considering the substantial risks that Plaintiffs and Class Members faced in this litigation. (Reese Decl., ¶ 108.)

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C. The Penalties Under the PAGA are Reasonable

Where a settlement includes a good faith amount for PAGA penalties and "there is no indication that this amount was the result of self-interest at the expense of other" class members, such amounts are generally considered reasonable. *Hopson v. Hanesbrands Inc.*, No. CV-08-0844 EDL, 2009 WL 928133, at *1, 9 (N.D. Cal. Apr. 3, 2009). Courts routinely approve amounts for PAGA penalties in the range of zero to two percent of the settlement. *E.g.*, *Id.* (approving a PAGA payment of 0.3%, or $1,500); *Jack v. Hartford Fire Ins. Co.*, No. 09cv1683 MMA (JMA), 2011 WL 4899942, at *6 (S.D. Cal. Oct. 13, 2011) (approving a PAGA payment of 0.25%); *McKenzie v. Fed. Express Corp.*, No. CV 10-02420 GAF (PLAx), 2012 WL 12882124, at *5 (C.D. Cal. Jan. 23, 2012) (acknowledging that courts approve PAGA claim settlements in the range of zero to two percent of the total settlement).

Here, the Parties negotiated a good faith amount of $350,000.00 for PAGA penalties, 75% of which ($262,500.00) will be paid to the LWDA, with the remaining 25% ($87,500.00) to be distributed to the PAGA Employees. (Settlement, ¶ 1.38.) This amounts to approximately 7.78% of the Gross

Settlement Amount. The amount for PAGA penalties was reached after good-faith negotiations by the Parties, which was not the result of self-interest at the expense of any Class Members. (Reese Decl., ¶¶ 103–104.)

D. The Work Performed by Class Counsel Supports the Fees and Costs Requested

The California Supreme Court has unanimously held "that when class action litigation establishes a monetary fund for the benefit of the class members, and the trial court in its equitable powers awards class counsel a fee out of that fund, the court may determine the amount of a reasonable fee by choosing an appropriate percentage of the fund created." *Laffitte v. Robert Half International, Inc.*, 1 Cal. 5th 480, 503 (2016). The Court further held that although trial courts have discretion to use a lodestar multiplier cross-check or to forego a lodestar multiplier cross-check if some other means to evaluate the reasonableness of a requested fee percentage exists, "the percentage method is a valuable tool that should not be denied our trial court." *Id*. at 503-06. California courts have awarded common fund fees calculated using a percentage-of-the-fund method that is not dependent on counsel's lodestar amount. Pearl, *California Attorney Fee Awards* (CEB 3d Ed. 2010) § 5.19 (citing *In re Sutter Health Uninsured Pricing Cases,* 171 Cal. App. 4th 495, 512 (2009); *Bell v. Farmers Ins. Exchange*, 115 Cal. App. 4th 715, 726 (2004); *Apple Computer, Inc. v. Superior Ct.,* 126 Cal. App. 4th 1253, 1270 (2005)).

Here, the proposed Settlement provides that Class Counsel may seek attorney's fees of up to one-third (1/3) of the Gross Settlement Amount, or $1,500,000.00, in addition to reimbursement for the actual litigation costs. (Settlement, ¶ 3.2(b).) Class Counsel performed a significant amount of work litigating this action, including extensive research, investigation, and analysis of each potential cause of action. (Reese Decl., ¶ 158; Ferraro Decl., ¶ 3.) Class Counsel committed, and continues to commit, significant financial and staffing resources to this case, diverted many of its resources in order to contend with Defendant's vigorous defense, and undertook this action on a contingency basis, thereby bearing all the costs of this complex, risky, expensive, and time-consuming litigation. (Reese Decl., ¶ 162.) Accordingly, for purposes of this Motion, and as will be explained in detail at final approval, the requested fees and costs are fair and reasonable.

E. The Service Awards to Plaintiffs Are Reasonable

Courts routinely approve service awards to compensate named plaintiffs for the services they

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provide and the risks they incur during class action litigation. *Bell*, 115 Cal. App. 4th at 726 (upholding "service payments" to plaintiffs for their efforts in bringing class case); *Manual for Complex Litigation (Fourth)*, § 21.62 n.971 (2004) (noting that service awards are warranted). In approving service awards, courts frequently approve awards of $10,000 or more. *In re Cellphone Fee Termination Cases*, 186 Cal. App. 4th 1380, 1393-1395 (2010) (upholding $10,000 service award to each of four class representatives). The factors courts use in determining the amount of an award include: (1) a comparison between the service awards and the range of monetary recovery available to the class; (2) time and effort put into the litigation; (3) whether the litigation will further the public policy underlying the statutory scheme; and (4) risks of retaliation. See *Clark*, 175 Cal. App. 4th at 804-07. Here, all four factors support the approval of the $10,000.00 service award to each of the Plaintiffs.

Plaintiffs initiated the action by seeking legal assistance from Class Counsel, assisted with the preparation of the LWDA notice letters and the complaints, communicated with Class Counsel via telephone and email, identified potential witnesses, provided documents, prepared for mediation, assisted with opposing Defendant's motions to compel arbitration, and worked closely with Class Counsel to protect the best interests of the Class. (Reese Decl., ¶ 168; Ferraro Decl., ¶ 8; Frydman Decl., ¶¶ 38-39.) Plaintiffs have also agreed to a general release of their claims, including potentially viable individual claims for retaliation and wrongful termination, which is not required of other Class Members. (Settlement, ¶ 5.3.) Further, Plaintiffs faced real risks in bringing this action, including losing future employment opportunities. (Reese Decl., ¶ 170; Frydman Decl., ¶ 38.) Accordingly, the $10,000.00 Service Payment for each Plaintiff is reasonable, appropriate, and justified.

V. PROVISIONAL CERTIFICATION OF THE CLASS IS APPROPRIATE

Provisional certification is appropriate at the preliminary approval stage where, as here, the Court has not yet certified the class and the requirements for certification are met. *Newberg on Class Actions* §§ 13:16-13:18 (5th ed. 2011-2017). *Dunk*, 48 Cal. App. 4th at 1806; *Vasquez v. Superior Court*, 4 Cal. 3d 800, 809-11 (1971). The provisional certification process is less demanding than a traditional motion for class certification. *See Amchem Products, Inc. v. Windsor*, 521 U.S. 591, 625-627 (1997); *Carter v. City of Los Angeles*, 224 Cal. App. 4th 808, 826 (2014).

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A. There is an Ascertainable and Sufficiently Numerous Class

Whether a class is ascertainable is determined by examining the class definition, the size of the class and the means available for identifying class members. See *Vasquez*, 4 Cal. 3d at 810-11. Here, Class Members are easily identifiable from Defendant's payroll and personnel records. Defendant has indicated a class size of approximately 1,726 putative Class Members and 141 F&I Manager Sub-Class Members. (Reese Decl., ¶¶ 128, 176.) Because joinder of more than 1,000 employees would be impracticable, and Class Members can readily be determined by Defendant's records, there is a numerous and ascertainable class that is suitable for provisional certification.

B. There is a Well-Defined Community of Interest

A community of interest is established by the showing of three factors: "(1) predominant common questions of law or fact; (2) class representatives with claims or defenses typical of the class; and (3) class representatives who can adequately represent the class." *Linder v. Thrifty Oil Co.*, 23 Cal. 4th 429, 435 (2000).

1. Common Issues of Law and Fact Predominate

The predominance inquiry tests whether proposed classes are sufficiently cohesive to warrant adjudication by representation. *See*, *e.g.*, *Clothesrigger, Inc. v. GTE Corp.*, 191 Cal. App. 3d 605 (1987). Here, common issues of fact and law predominate as to each claim alleged by Plaintiffs on behalf of the Class, because this action concerns Plaintiffs' allegations that Defendant's common, class-wide policies and/or practices resulted in Labor Code violations. Common issues predominate because the challenged practices apply uniformly to all Class Members and the resolution of these over-arching questions will determine liability for the Class as a whole. (Reese Decl., ¶ 177.)

2. Plaintiffs' Claims are Typical of the Claims of the Class

The typicality requirement focuses on the typicality of the proposed representatives' claims as they relate to the defendant's conduct and activities. *Classen v. Weller,* 145 Cal. App. 3d 27, 46-47 (1983). Here, Plaintiffs' claims are typical of the claims of the Class because Plaintiffs, like all Class Members, were subject to the same allegedly unlawful policies and practices while working for Defendant and sustained the same or similar damages. (Reese Decl., ¶ 178.)

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3. The Adequacy Requirement is Met

The adequacy of representation requirement is met by fulfilling two conditions: first, a named plaintiff must be represented by counsel qualified to conduct the pending litigation; second, a named plaintiff's interests cannot be antagonistic to those of the class. *McGhee v. Crocker-Citizens Nat. Bank*, 60 Cal. App. 3d 442, 450 (1976). Here, both adequacy requirements are met. First, Plaintiffs retained counsel with extensive experience in prosecuting complex wage and hour class actions, who have worked diligently to obtain this Settlement for the Class. (Reese Decl., ¶¶ 8-11; Frydman Decl., ¶¶ 41-43; Ferraro Decl., ¶¶ 9-20.) Second, Plaintiffs do not have any conflict of interest with the Class and have, along with Class Counsel, worked toward a positive resolution of this case. (Reese Decl., ¶¶ 179-180; Ferraro Decl., ¶ 6; Frydman Decl., ¶¶ 37-38.)

VI. THE PROPOSED CLASS NOTICE PROCEDURE SATISFIES DUE PROCESS

In order to protect the rights of absent class members, California Rules of Court, Rule 3.769(f) requires that Class Members be provided with notice of the final approval hearing and an explanation of the proposed settlement and objection procedures. Procedural due process does not guarantee any particular procedure; it requires only notice reasonably calculated to apprise interested parties of the pendency of the action affecting their interests and an opportunity to present their objections. *Ryan v. Cal. Interscholastic Fed'n – San Diego Section*, 94 Cal. App. 4th 1048, 1072 (2001). Notice that meets this standard and is neutrally worded satisfies due process. *Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 812 (1985).

Here, the proposed Class Notice provides all the information a reasonable person would need to make a fully informed decision about the Settlement. (Reese Decl., ¶¶ 144-147, Ex. A. to Settlement Agreement.) The Class Notice summarizes the lawsuit, including the contentions and denials of the Parties, the proceedings to date, and the terms and conditions of the Settlement in plain language in an informative and coherent manner. (*Id.*) The Class Notice also fully informs Class Members of the terms of the Settlement, of its effect on their rights, of their options as Class Members and the procedure for opting out, objecting, and/or receiving payment, and of the consequences of exercising those options. (Reese Decl., ¶ 145.) Further, the Class Notice notifies the Class Members of their reported compensable workweeks and PAGA pay periods, and the estimated Individual Class Payment they will receive should they participate in the Settlement. (*Id.*) The Class Notice also states the date, time, and place of the final approval hearing, and explains how Class Members can obtain additional information, as well as view a copy of the Settlement Agreement. (Reese Decl., ¶ 145.)

Defendant's records should provide the best-known address available for the Class Members, but the Settlement Administrator will nevertheless attempt to locate the best possible mailing addresses prior to the mailing using the National Change of Address database and an in-depth skip trace. (Reese Decl., ¶ 149.) Thus, the proposed notice plan is consistent with class notices approved by state and federal courts, and, under the circumstances here, is the best notice practicable and the method most likely to reach the greatest number of Class Members. (Reese Decl., ¶ 153.)

VII. CONCLUSION

Based on the foregoing, Plaintiffs respectfully request that this Court enter an Order: (1) preliminarily approving the proposed Settlement; (2) approving the form and content of the Class Notice; (3) provisionally certifying the Settlement Class; (4) appointing Plaintiffs as Class Representatives and Plaintiffs' counsel as Class Counsel; and (5) approving CPT Group, Inc. as the Settlement Administrator.

Respectfully submitted,

Dated: June 24, 2026

ARCH LEGAL, P.C.

By: ______________________
NATHAN REESE
ALLISON E. SCHUBERT
Attorneys for Plaintiffs

Dated: June 24, 2026

LAVI & EBRAHIMIAN, LLP

By: /s/ Joseph Lavi (with permission)
Joseph Lavi
Vincent C. Granberry
Attorneys for Plaintiffs

Dated: June 24, 2026

Ferraro Vega Employment Lawyers, Inc.

By: /s/ Nicholas J. Ferraro (with permission)
Nicholas J. Ferraro
Lauren N. Vega
Dorota A. James
Attorneys for Plaintiffs

ARCH LEGAL, P.C.
3555 FIFTH AVENUE SUITE 200
SAN DIEGO, CALIFORNIA 92103