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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF VENTURA

ALFONSO CEJA RUIZ individually and on behalf of others similarly situated; and the CALIFORNIA LABOR AND WORKFORCE DEVELOPMENT AGENCY, a California governmental agency, ex rel. ALFONSO CEJA RUIZ, Plaintiffs, vs. AUTOMOTIVE RACING PRODUCTS, INC., a California corporation; RICHARD JACKSON, an individual; and DOES 1-15, inclusive, Defendants.	Case No. 2023CUOE011192 Judge: Hon. Charmaine H. Buehner Department: 21 CLASS ACTION **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT** *[filed concurrently with Plaintiff's Notice of Motion and Motion; Declaration of Roman Shkodnik; Declaration of Hallie Von Rock; Declaration of Bryn Bridley of Atticus Administration;[Proposed] Order; and [Proposed] Judgment]* Date: August 13, 2025 Time: 8:30 AM Dept.: 21

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

On April 4, 2025, this Court preliminarily approved (the "Preliminary Approval Order") the Parties' Amended Class Action and PAGA Settlement Agreement ("Settlement"). *See,* Declaration of Hallie Von Rock ("Von Rock Dec.") ¶ 5. Defendants have agreed to create a Gross Settlement Fund of $1,970,000.00 ("Gross Settlement Amount") on a non-reversionary basis to settle and release all claims asserted by Plaintiffs Alfonso Ceja Ruiz and Reynaldo Labo ("Plaintiffs") in the operative consolidated complaint on behalf of the proposed Class. *See,* Von Rock Dec., Ex. 1 ("Settlement Agreement"), ¶ 1.23. The Court's Preliminary Approval Order appointed Atticus Administration as the settlement administrator and ordered the Parties to carry out the proposed notice plan as described in the Settlement Agreement. The Parties carried out in full the notice plan as described in the Settlement Agreement. *See,* Declaration of Bryn Bridley of Atticus Administration ("Atticus Dec.") ¶¶ 5-13. On its face, the terms of the settlement are fair, reasonable, and adequate, as the Court concluded when it granted preliminary approval. The notice process has now concluded and confirms that this settlement was well-received by class members. There were no objections and only one opt out received. *Id.,* ¶¶ 14-16. Plaintiffs now seek final approval of the Settlement and an award of attorney's fees, costs, and incentive fees.

II. A BRIEF HISTORY OF THE LITIGATION.

On July 10, 2023, Plaintiff Alfonso Ceja Ruiz commenced a Class Action by filing a Complaint in Ventura County Superior Court. On September 8, 2023, Plaintiff Ruiz filed a First Amended Complaint alleging causes of action against Defendant for: (1) Failure to Reimburse Necessary Business Expenses under Labor Code § 2802; (2) Failure to Pay Minimum, Overtime, and Contractual Wages under Labor Code §§ 218.5, 510, 1194, and 1197; (3) Failure to Provide Accurate Wage Statements under Labor Code § 226; (4) Failure to Pay All Wages Due at Separation under Labor Code § 203; (5) Restitution of All Wages Pursuant to Business & Professions Code § 17200, *et seq*.; and (6) Violation of the California Private Attorneys General Act under Labor Code § 2698, *et seq*.

On February 27, 2024, Plaintiff Reynaldo Labo filed a Class Action Complaint in Ventura

County Superior Court alleging causes of action against Defendant for: (1) Failure to Pay Minimum Wages; (2) Failure to Pay Wages and Overtime under Labor Code § 510; (3) Failure to Pay Vacation Wages under Labor Code § 227.3; (4) Failure to Comply with Labor Code §§ 245 *et seq*. and 246; (5) Meal Period Liability Under Labor Code § 226.7; (6) Rest Break Liability Under Labor Code § 226.7; (7) Violation of Labor Code § 226; (8) Violation of Labor Code § 203; and (9) Violation of Business & Professions Code 17200 *et seq*. On February 27, 2024, Plaintiff Labo submitted and sent to Defendant by certified mail his PAGA Notice Letter to the Labor & Workforce Development Agency. The Notice Period ran, and Plaintiff Labo filed a First Amended Class Action Complaint ("FAC"), including a tenth cause of action for penalties pursuant to Labor Code § 2699, *et seq.*

On January 6, 2025, Plaintiffs filed a Second Amended Complaint ("SAC") adding Plaintiff Labo as a named Plaintiff and adding the allegations contained in Plaintiff Labo's FAC.

Defendant has denied, and continues to deny, any liability and wrongdoing of any kind associated with any of the allegations in the cases, and further denies that the cases are appropriate for class treatment or representative adjudication for any purpose other than for settlement purposes only.

The Parties have actively litigated the matter since the *Ruiz* Action was commenced on July 10, 2023. This has included a thorough investigation of the facts and claims in both cases giving rise to the Actions, including in preparation for mediation. *See*, Von Rock Dec. ¶ 6; Declaration of Roman Shkodnik in Support of Final Approval ("Shkodnik FA Dec.") ¶ 17.

On June 13, 2024, the Parties mediated this case with Hon. Ernest Goldsmith (Ret.), a respected and highly experienced mediator in wage and hour class actions. During mediation, Plaintiffs' and Defendant's counsel discussed all aspects of the case. *See*, Von Rock Dec. ¶ 7. At the mediation, the parties agreed to settle the lawsuit according to the terms set forth in the Settlement Agreement. *Id.*

On January 7, 2025, Plaintiffs moved for preliminary approval of their proposed settlement. Following guidance from the Court, the Parties then executed an amendment to the settlement agreement and submitted supplemental declarations, and the Court granted preliminary approval of the amended settlement on April 4, 2025.

III. THE PROPOSED SETTLEMENT

For settlement purposes, the requisites for establishing class certification are met, and the Parties have stipulated to conditional certification of the Class for settlement purposes only. California Code of Civil Procedure Section 382 "authorizes class actions when the question is one of a common or general interest, of many persons, or when the Parties are numerous, and it is impracticable to bring them all before the court." *Sav-On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th 319, 326. California courts certify class actions where the plaintiff identifies "both [1] an ascertainable class and [2] a well-defined community of interest among class members." *Id.* Here, Plaintiffs provided the Court with ample information to certify a Settlement Class. *See,* Memorandum of Points and Authorities in Support of Preliminary Approval of Class Action, at Section IV; see also, Declaration of Roman Shkodnik in Support of Preliminary Approval ("Shkodnik PA Dec.") ¶¶ 24-48.

The Court's preliminary approval order provisionally certified the following class as defined by the Settlement Agreement:

> All current and former non-exempt hourly employees of Automotive Racing Products, Inc. in the state of California employed during the Class Period. The Class Period is the period from July 10, 2019 through August 12, 2024.

See, 4/24/2025 Order Re Motion for Preliminary Approval ("Preliminary Approval Order"), ¶ 3. Given the ascertainable class and well-defined community of interest, the Court should provide final certification of the Settlement Class.

The class consists of 364 Settlement Class Members. *See*, Atticus Dec. at ¶¶ 5-7. Class Notice was mailed on May 5, 2025 (and May 15, 2025 to two individuals). *Id*. Only 3 notices proved undeliverable after skip tracing. *Id*. at ¶ 9. No objections and only one request for exclusion were received by the Claims administrator or class counsel. *Id*. at ¶¶ 14-16. As such, 363 class members will participate in the settlement, and be bound by the settlement if finally approved. The class member who opted out will still be bound by the PAGA release and receive their portion of the PAGA distribution of funds.

The Settlement Agreement provides for the following consideration totaling **$1,970,000** to be paid following final approval:

1) At least $1,074,352 in payments made to class members distributed on a pro-rata basis according to the number of Workweeks a Class Member worked during the Class Period as a non-exempt hourly employee in California. (Settlement Agreement ¶ 3.3); with the average Class Member receiving $2,959.65 (Atticus Dec. at ¶ 19); with 20% allocated as wages for tax purposes (Settlement Agreement ¶ 3.3.1); with payments made via direct mailing of checks, and with checks voided and returned to the common fund for redistribution if not negotiated after 180 days (*Id*. at ¶ 4.5);
2) $197,000 in civil penalties under PAGA (75% of payment ($147,750) to be paid to the California Labor and Workforce Development Agency); with the average Aggrieved Employee receiving $165.27 (Settlement Agreement ¶ 3.3.1.2);
3) Up to $656,666.66 in reasonable attorneys' fees and up to $25,000 in reasonable litigation costs paid to Class Counsel (Settlement Agreement ¶ 3.2.2); however, actual litigation costs sought here amount to $18,425.05 (Von Rock Dec., ¶¶ 27-28; Shkodnik FA Dec., ¶ 39);
4) $11,000 in claims administration costs paid to Atticus Administration (Settlement Agreement ¶ 3.2.3; *see also,* Atticus Dec. ¶ 20);
5) Up to $12,500 in incentive awards paid to the named class representatives (Settlement Agreement ¶ 3.2.1);
6) Employer-side payroll taxes paid directly to the IRS (*Id.,* ¶ 4.3); and
7) If there remain uncashed funds, the Settlement Administrator will transmit the funds represented by the uncashed checks (with accrued interest) to Legal Aid at Work, which falls squarely under the category of "nonprofit organizations providing civil legal services to the indigent" under CCP section 384(b) (*see,* Declaration of Joan Graff filed in support of Preliminary Approval).

In exchange for the consideration flowing to the class, Defendant receives a duly limited release of the class claims and the PAGA claims asserted. *See*, Settlement Agreement ¶ 5.4, 5.5.

IV. THE CLASS RECEIVED SUFFICIENT NOTICE TO BE BOUND.

Class notice serves to protect the integrity of the class action process. *Cartt v. Superior Court* (1975) 50 Cal.App.3d 960, 970. It effectuates the benefits of the class action device for the defendant, by ensuring that "there will be but a single binding judgment against him" *Kass v. Young* (1977) 67 Cal.App.3d 100, 106. "The critical reason for notification of members of the class on whose behalf a class action has been brought is that notification makes possible a binding adjudication and an enforceable judgment with respect to the rights of the members of the class. Absent such notification no member of the class need be bound by the result of the litigation" *Home Sav. & Loan Assn. v. Superior Court* (1974) 42 Cal.App.3d 1006, 1011 [117 Cal.Rptr. 485]). Class notice also protects class members, insofar as it "prevents incompetent or unrepresentative plaintiffs from preempting for themselves total representation of an unnotified class and likewise prevents collusive suits that could bind members of the class to unwanted judgments unnecessarily limiting the scope of their recovery" *Home Sav. & Loan Assn. v. Superior Court* (1974) 42 Cal.App.3d 1006, 1012.

When a settlement is proposed, the purpose of a class notice is to give class members sufficient information to decide whether they should accept the benefits offered, opt out and pursue their own remedies, or object to the settlement. *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 251–252.

Under California law, individual notice via direct mailing is regarded as sufficient, and is preferred wherever possible. *See,* California Judicial Council, Deskbook on the Management of Complex Civil Litigation, § 3.74 (Matthew Bender); Rule of Court 3.766(f); Civil Code § 1781(d) (CLRA). Here, the Court's order granting preliminary approval directed personal notice to issue to class members via the direct mailing of formal notice to class members' last known address, and is, therefore, sufficient to bind class members under California law.

V. THE SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE.

The trial court has broad discretion to determine whether a class action settlement is fair and reasonable. *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 52. To determine whether the settlement is fair and reasonable, courts consider relevant factors such as:

> the strength of plaintiffs' 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.

Dunk v. Ford Motor Co. (1996) 48 Cal.App.4th 1794, 1801. "The list of factors is not exclusive and the court is free to engage in a balancing and weighing of the factors depending on the circumstances of each case." *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245. "Due regard should be given to what is otherwise a private consensual agreement between the parties." *Dunk*, 48 Cal.App.4th at 1801.

The proponent of the settlement has the burden to show that it is fair and reasonable. *Wershba*, 91 Cal.App.4th at 245. At the final approval stage, a presumption of fairness exists where, as here: "(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.

In reviewing a class settlement, the court need not reach any ultimate conclusions on the issues of fact and law that underlie the merits of the dispute. *7-Eleven Owners for Fair Franchising v. Southland Corp.* (2000) 85 Cal.App.4th 1135, 1146. The inquiry is not whether the settlement agreement is the best one that class members could have possibly obtained, but whether the settlement, taken as a whole, is "fair, adequate, and reasonable." *Chavez*, 162 Cal.App.4th at 55. A settlement need not obtain 100 percent of the damages sought in order to be fair, reasonable, and ultimately, meaningful. *Wershba*, 91 Cal.App.4th at 251. Even if the proposed settlement affords relief that is substantially narrower than it would be if the cases were to be successfully litigated, that 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 prolonged litigation. *Id.*

A. The Settlement Resulted from Arm's Length Negotiations.

The Parties actively litigated the matter since the *Ruiz* case was commenced on July 10, 2023. Both sides used the pre-mediation time period to investigate the veracity, strength, and scope of the claims, and Class Counsel were actively preparing the matter for class certification and trial.

Class Counsel conducted extensive discovery before entering into meaningful settlement negotiations in this matter, including a detailed analysis of Defendant's policies and a considerable sample of Defendant's time and pay records. *See,* Von Rock Dec. ¶ 8; Shkodnik FA Dec. ¶ 17.

During all settlement discussions, the Parties conducted their negotiations at arm's length in an adversarial position. Arriving at a settlement that was acceptable to all Parties was not easy. Defendant and its counsel felt strongly about their ability to prevail on the merits and at certification, and Plaintiffs and Class Counsel believed that they would be able to obtain class certification and prevail at trial. After conducting investigations, discovery, extensive settlement negotiations, and with the aid of the mediator's evaluation, the Parties have agreed that the matter is well-suited for settlement given the legal issues relating to Plaintiffs' principal claims, as well as the costs and risks to both sides that would attend further litigation. *See* Von Rock Dec. ¶ 9; Shkodnik FA Dec. ¶ 17.

The Settlement considers the strengths and weaknesses of each side's position and the uncertainty of how the case might have concluded at certification and trial. The Parties have had the opportunity to interview and obtain information from their respective witnesses. The Parties have reached the Settlement based on a large volume of facts, evidence, and investigation. In addition, Class Counsel have extensive experience in employment class actions, including significant experience in California wage-and-hour litigation. *Id*. ¶ 10; Shkodnik FA Dec. ¶¶ 5-15.

B. The Risks Inherent in Continued Litigation Favor Final Approval of the Settlement.

The Total Settlement Amount of $1,970,000 represents a fair, adequate, and reasonable resolution of the claims asserted, given the risks inherent in litigating class and representative claims through certification proceedings, trial, and/or appeals. The Settlement was calculated using information and data uncovered through extensive case investigation, discovery, and the exchange of information in the context of mediation. Had the cases not settled, Defendant would have vigorously challenged certifiability, manageability of representative adjudication, and liability. Defendant contended that individualized questions of fact predominate over any common issues, and these issues would pose challenges to certification and representative adjudication.

It is preferable to reach an early resolution of a dispute because such resolutions save time and money that would otherwise go to litigation. If this matter had settled after further litigation, the settlement amount would have considered the additional costs incurred, and there might have been less money available for the Class Members after all was said and done. Additionally, the Parties were moving into the phase of the litigation where they would have to conduct a significant amount of additional discovery, including and not limited to, depositions of Defendant's Person Most Qualified designees, expert witnesses, and percipient witnesses, such as managers, supervisors, and other current and former employees throughout the State of California. Discovery disputes would have certainly arisen, which would have cost the parties additional time and money. In contrast, the proposed settlement provides real and significant benefits for the class here and now, while avoiding the further expenses, risks, and delay of prolonged litigation with only the possibility of recovery.

It would be grossly inefficient for such a large class of current and former employees to bring individual actions to recover from Defendant for the alleged violations of wage-and-hour laws. Moreover, the potential individual recovery that could be obtained by a class member would not be significant enough to provide him or her with the incentive to sue. By granting final approval of the proposed settlement, the Court can approve a resolution that provides a certain and substantial recovery.

C. The Settlement Amount Is Fair, Reasonable, and Adequate.

The Total Settlement Amount of $1,970,000 represents a fair, reasonable, and adequate resolution of the claims asserted. The Settlement was calculated using information and data uncovered through extensive case investigation, formal and informal discovery, and the exchange of information in the context of mediation. Moreover, considering all the facts in the cases, the gross settlement amount represents a considerable recovery. *See,* Shkodnik PA Dec. ¶¶ 24-48.

Even after deducting attorneys' fees in the amount of $656,666.66, litigation costs in the amount of $18,425.05, incentive awards in the combined amount of $12,500, administration costs in the amount of $11,000, and payment to the LWDA in the amount of $147,750, the net settlement consideration is estimated to be $1,123,658. Under the Settlement Agreement, the net settlement consideration will be fully paid out without any reversion to Defendant, in accordance with the terms of the Settlement Agreement. Each class member will be paid a pro rata share of the net settlement consideration, based on the number of workweeks credited to him or her within the limitations period. There are 363 participating class members, with the highest class member payment estimated to be $4,438.13, while the average class member payment is estimated to be $2,959.65. Atticus Dec. ¶ 19. For the 298 aggrieved employees, the average PAGA payment is estimated to be $165.27. *Id*. ¶ 18.

At the final approval stage, "[a]n allocation formula need only have a reasonable, rational basis [to warrant approval], particularly if recommended by experienced and competent class counsel." *In re American Bank Note Holographics, Inc., Securities Litigation* (S.D.N.Y. 2001) 127 F.Supp.2d 418, 429-30. In light of the above considerations, Class Counsel believe that the settlement as a whole is fair, reasonable, and adequate, and in the best interest of the Class Members. Shkodnik FA Dec. ¶¶ 17, 19. Although the recommendations of Class Counsel are not conclusive, the Court can properly take the recommendations into account, particularly if Class Counsel appear to be competent, have experience with this type of litigation, and significant discovery and investigation have been completed, as is the case here. *See*, Conte & Newberg, Newberg on Class Actions (4th Ed., 2002) § 11.47. Accordingly, the Court should grant final approval of the Settlement.

D. The Class Was Represented by Competent Counsel.

Class Counsel have extensive experience in employment class action law and complex wage-and-hour litigation. The law firms of Aiman-Smith & Marcy, PC and D.Law, Inc., have been appointed class counsel in numerous complex wage-and-hour cases, and have recovered millions of dollars for individuals in California. *See,* Von Rock Dec., ¶ 11, Ex. 3; Shkodnik Dec., ¶¶ 5-15. Both parties' counsel were capable of assessing the strengths and weaknesses of the Class Members' claims against Defendant and the benefits of the Settlement under the circumstances of the cases and in the context of a private, consensual settlement agreement.

E. The Cy Pres Recipient Fulfills the Purposes of the Lawsuit.

If there remain uncashed funds after the distribution and the time for cashing the checks are void, the Settlement Administrator will transmit the funds represented by the uncashed checks (with accrued interest) to the Bay Area Legal Aid (https://baylegal.org/get-help/find-an-office/alameda-county/), which falls squarely under the category of "nonprofit organizations providing civil legal services to the indigent" under CCP section 384(b). *See* Von Rock Dec. ¶ 12; *see also,* Declaration of Joan Graff filed in support of Preliminary Approval.

F. There Are No Objections to the Settlement.

The Settlement has been well received by the Class – not a single Class Member objected to the Settlement. Only one Class Member requested to be excluded. *See,* Atticus Dec. ¶¶ 14-16. California courts have consistently found that a small number of objectors indicate the class's support for a settlement and strongly favors final approval. *Wershba*, 91 Cal.App.4th at 250-51 (final approval granted despite 20 objectors); *7-Eleven Owners*, 85 Cal.App.4th at 1152-53 (final approval granted despite 9 objectors).

Here, the lack of any objections speaks volumes about the fairness, reasonableness, and adequacy of this Settlement. *See* Shkodnik FA Dec. ¶ 22. Accordingly, the Settlement as a whole is presumed to be fair, reasonable, and adequate, and the Court should grant final approval of the Settlement in its entirety. *Dunk*, 48 Cal.App.4th at 1802.

VI. CLASS COUNSEL'S FEE IS REASONABLE.

Class Counsel respectfully request that this Court approve the requested attorney's fees in this action pursuant to California Rules of Court, Rule 3.769, which requires court approval of fees paid through settlement of a class action.

A. The Fee Is Presumptively Reasonable As The Result of Arm's-Length Negotiation.

The parties reached an arm's-length deal on attorneys' fees in the amount of 35% the gross settlement amount, or $656,666.66, and up to $25,000 in litigation costs (actual litigation costs sought here amount to less than the maximum: $18,425.05). This amount will compensate Class Counsel for work performed in recovering a significant benefit for class members. As one court explained, "The fee was negotiated at arm's length with sophisticated defendants by the attorneys who were intimately familiar with the case, the risks, the amount and value of their time, and the nature of the result obtained for the class." *In Re First Capital Holdings Corp. Fin. Prods. Securities Litig.* (C.D.Cal. June 10, 1992) 1992 WL 226321, at *4 (awarding attorneys' fees of $8 million). Under such circumstances, where there is no evidence of self-dealing or conflicts of interest, the court should be "reluctant to interpose its judgment as to the amount of attorneys' fees in the place of the amount negotiated by the adversarial parties in the litigation." *Id*. This approach has been expressly endorsed by the judicial counsel. *See*, Manual for Complex Litigation, 21.7 (4th ed. 2004) ("Separate negotiation of the class settlement before an agreement on fees is generally preferable.")

B. The Fee is Reasonable as a Percentage of the Benefit to the Class.

Class Counsel seek an award of attorney's fees of $656,666.66 under the Settlement Agreement and fee-shifting provisions. Courts have long recognized the "common fund" or "common benefit" doctrine, under which attorneys who create a common fund or benefit for a group of persons may be awarded their fees and costs to be paid out of the fund. *Laffitte v. Robert Half Int'l, Inc.* (2016) 1 Cal.5th 480, 504. *See also, Serrano v. Priest ("Serrano III")* (1977) 20 Cal.3d 25, 34; *Glendale City Employees' Assoc. v. City of Glendale* (1975) 15 Cal.3d 328, 341, fn. 19; *In re Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557; *In re Sumitomo Copper Litig.* (S.D.N.Y. 1999) 74 F.Supp.2d 393, 396-398 (describing the overwhelming weight of federal authority in favor of the percentage fee method); *Mills v. Electric Auto-Lite Co.* (1970) 396 U.S. 375, 391-392 (United States Supreme Court endorsing the common fund approach to class actions.)

The California Practice Guide: Civil Trials and Evidence (The Rutter Group) at § 17.172.3

explains the common fund doctrine as follows:

> Where the lawsuit results in the recovery of a fund or property benefiting others as well as plaintiff (e.g., a class action), the court has inherent equitable power to order plaintiff's attorney fees paid out of the common fund or property [citations]. Such fee spreading assures that all of those benefited by the litigation pay their fair share of obtaining the recovery.

Numerous appellate courts have similarly endorsed the "percentage fee" method for determining reasonable attorney's fees in common benefit cases.[1]

In the *Laffitte* decision, the California Supreme Court held that, "when class action litigation establishes a monetary recovery 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*, 1 Cal.5th at 503. The California Supreme Court also noted that the percentage of the fund method "more accurately reflects the results achieved" than the lodestar method, serves as a "better approximation of market conditions in a contingency case," and encourages "counsel to seek an early settlement and avoid unnecessarily prolonging the litigation." *Id*. at 503-504; *see also, Boeing Co. v. Van Gemert* (1980) 444 U.S. 472, 478 ("a lawyer who recovers a common fund for the benefit of persons other than himself or his client is entitled to a reasonable attorney's fee from the fund as a whole"). Thus, Class Counsel's fee request is fair, reasonable, and consistent with the awards in California.

The attorney's fees percentage requested here are in line with other fee awards in California wage and hour cases. For example, in *Smiles v. Walgreens Co.*, Alameda Superior Court Case Number RG17862495, the Court awarded attorney's fees of 35% of the $15,000,000

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[1] *See, e.g., Knoff v. City and County of San Francisco* (1969) 1 Cal.App.3d 184, 203-204 (court upheld a "contingent percentage" award of attorneys' fees in a representative action as the proper exercise of the court's equitable powers); *Rider v. County of San Diego* (1992) 11 Cal.App.4th 1410, 1423 (attorneys' fees and expenses properly awarded from common benefit composed of illegally imposed sales and use tax); *Bank of America v. Cory* (1985) 164 Cal.App.3d 66, 89-92 (fees awarded from common benefit created by action compelling state to claim dormant bank accounts); *Parker v. Los Angeles* (1974) 44 Cal.App.3d 556, 567-568 (court upheld fee award equal to one-third of the damages to owners of residential property in an inverse condemnation action.)

settlement in a PAGA case, plus costs; in *Silva, et al. v. Ross Dress for Less, Inc.*, Case Number RG19023625, the Court awarded 35% of the Gross Settlement Amount, plus costs, in a PAGA case; in *Albrecht v. Rite Aid Corp.,* San Diego Superior Court Case No. 729129, Judge Haden awarded attorney's fees equal to 35% of the settlement fund, plus costs; and in *Crandall v. U-Haul International,* L.A. Superior Court Case No. BC178775, Judge Czuleger awarded plaintiffs' counsel attorney's fees equal to 40% of the settlement fund. These cases illustrate that California courts recognize that the requested thirty-five percent (35%) fee is appropriate in a wage and hour common fund case.

C. The Circumstances of This Case Support the Requested Fee Award.

Given the results achieved under the circumstances of this litigation, the requested fee award is reasonable.

From the outset of the case to the present, prosecution of this action has involved significant financial risk for Class Counsel who undertook this matter solely on a contingent basis, with no guarantee of recovery. Class Counsel have placed their own resources at risk to prosecute this action with no guarantee of success. *See*, Von Rock Dec. ¶ 13; Shkodnik FA Dec. ¶¶ 31-33.

Class Counsel have substantial experience in complex and other class action litigation. *See*, Von Rock Dec. at ¶ 14, Ex. 3; Shkodnik FA Dec. ¶¶ 5-15. Practice in state wage and hour class action litigation requires knowledge and skill of the constantly evolving substantive law as well as the procedural requirements of class action litigation. The issues presented in the case required more than just a general appreciation of statutory wage and hour laws and class action procedure. *Id*. Class Counsel have been involved in and appointed as class counsel in other class actions against large institutions and retailers. *Id*. Thus, the complexity and potential duration of the case weigh in favor of awarding the requested attorney's fees.

The results achieved by the settlement support Class Counsel's request for attorney's fees. Here, 363 participating class members will each receive direct payments of an average of $2,959.65. No class members objected. Whether measured by the actual amounts to be put in class members' pockets, or the class members' resounding embrace of the settlement, this settlement is an outstanding result for the class, which supports the requested fee award.

As California law recognizes, Class Counsel's commitment to this litigation should not be assessed in a vacuum. *See*, *Serrano*, 20 Cal.3d at 49. A relevant factor in determining attorneys' fees is whether the litigation required Class Counsel to forego other employment. *Id*. Additional work was available that Class Counsel had to forgo to devote the time necessary to pursue this litigation. *See*, Von Rock Dec. ¶ 15; Shkodnik FA Dec. ¶ 28.

D. The Fee Is Reasonable Under the Lodestar Method Cross-Check.

The California Supreme Court has held that conducting a lodestar cross-check to confirm the reasonableness of a percentage fee award is not required and is at the trial court's discretion. However, if this Court opts to utilize the lodestar method and/or conduct a lodestar cross-check, that methodology also supports Class Counsel's fee request.

Under the lodestar method, a base fee amount is calculated from a compilation of time reasonably spent on the case and the reasonable hourly compensation of the attorney. *Laffitte*, 1 Cal.5th at 506. The base amount can then be adjusted by use of a multiplier in light of various factors. *Serrano*, 20 Cal.3d at 48; *Consumer Privacy Cases*, 175 Cal.App.4th at 556 (noting some factors may include the quality of the representation, the novelty and complexity of the issues, the results obtained, and the contingent risk presented); *Chavez*, 162 Cal.App.4th at 61-67 (considering quality of representation, success achieved and rate of acceptance of the settlement benefits as factors supporting a multiplier and noting that multipliers can range from 2 to 4 or even higher).

In assessing the reasonableness of an attorney's hourly rate, courts consider the prevailing market rate in the community for similar services by lawyers of reasonably comparable skill, experience, and reputation. Class Counsel's rates are based on prevailing fees in this geographical area, which have been approved in California and federal courts. *See*, Von Rock Dec. ¶¶ 18-19; Shkodnik FA Dec. ¶ 25. Class Counsel are highly regarded members of the bar who are experienced in the area of employment class action and complex litigation. *See*, Von Rock Dec. at ¶ 14, Ex. 3; Shkodnik FA Dec. ¶¶ 5-15. Thus, all counsels' skill and experience justify the requested rates.

Class Counsel have spent a substantial amount of time litigating this case. Reasonable hours included a significant expenditure of Class Counsel's time in the following areas, including thorough pre-litigation investigation; drafting and amending pleadings; motion practice; substantial discovery; obtaining, reviewing, and processing composite payroll and personnel data regarding the class; preparing, reviewing, and revising the Settlement Agreement, along with the form of notice and other related materials; preparing, reviewing, and revising the Amendment to the Settlement Agreement; monitoring and ensuring compliance with the notice plan; preparing Plaintiffs' Motion For Preliminary Approval, including supplemental declarations; communicating with Plaintiffs, Settlement Class Members, and defense counsel regarding notice, administration, and terms of the proposed Settlement; and preparing Plaintiffs' Motion for Final Approval. *See*, Von Rock Dec. ¶ 22; Shkodnik FA Dec., Ex. 1-4. Additional time will also be spent monitoring class payments following the effective date. Thus, Class Counsel's work has been meaningful and their hourly rates are commensurate with experience and the prevailing rates among defense and plaintiffs' firms that regularly litigate wage and hour class actions as follows. *See*, Von Rock Dec. ¶¶ 22-25; Shkodnik FA Dec. ¶ 25.

The combined hours for Plaintiffs' counsel calculates to 614.18 hours. *See,* Von Rock Dec. ¶¶ 22-25; Shkodnik Dec. ¶ 25. Multiplying these hours by the hourly rates listed in the declarations yields the total lodestar figure of $494,681.00. *See*, Von Rock Dec. ¶ 24; Shkodnik Dec. ¶ 25. This lodestar calculation does not include the additional time that will be expended on subsequent activities, including administration of the settlement, and tracking the progress of Defendant's settlement fund payments. *See*, Von Rock Dec. ¶ 25.

The requested attorneys' fee award under the Settlement Agreement therefore represents a lodestar fee award with an effective multiplier of 1.33, which is well within the range of reasonableness permitted under the precedents. *See,* Von Rock Dec. ¶ 26. California courts commonly adjust basic lodestar rates to reflect the fair market value of the attorney's services. *Graham v. DaimlerChrysler Corp.* (2004) 34 Cal.4th 553, 579; *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 255 (under California law, multipliers typically range from 2 to 4); *accord Vizcaino v. Microsoft, Corp.* (9th Cir. 2002) 290 F.3d 1043 (3.65 multiplier), *but see, e.g.*, *Wilson v. Bank of Am. Natl. Trust & Savs. Assn.,* (Cal. Sup. Ct. Aug. 16, 1982) No. 643872 (multiplier of 10); *Glendora Comm. Redev. Agency v. Demeter* (1984) 155 Cal.App.3d 456, 465 (affirming multiplier of 12, and expressly rejecting argument that fee was either exorbitant or unconscionable). The modest 1.33 multiplier needed to align the requested fee award with the attorney hours expended is considerably less than those higher multipliers that have been approved under California law. Accordingly, the lodestar cross-check affirms that the fee award requested does in fact fall within the range of reasonableness.

Although the case settled in a relatively short time period, the multiplier should not be reduced simply because Class Counsel were successful in overcoming the risks and obtaining an ample settlement relatively early in the litigation. *See, e.g., Lealao v. Beneficial California, Inc.,* (2000) 82 Cal.App.4th 19 at 52 ("promptness of settlement cannot be used to justify the refusal to apply a multiplier to reflect the size of the class recovery without exacerbating the disincentive to settle promptly inherent in the lodestar methodology"). In fact, in wage and hour cases, early resolution is frequently very difficult to achieve precisely because delay translates to fewer claims and ultimately lower payouts by defendants. Accordingly, the speed with which the case was resolved mitigates in favor of a multiplier as a benefit to the class members as a group.

VII. CLASS COUNSEL'S LITIGATION COSTS ARE REASONABLE.

As detailed in the Von Rock and Shkodnik Declarations, filed concurrently herewith, in the course of this litigation, Class Counsel has incurred actual out-of-pocket costs in the amount of $18,425.05 to date. *See*, Von Rock Dec. ¶¶ 27-28; Shkodnik Dec. ¶ 38. In connection with a settlement, "attorneys may recover their reasonable expenses that would typically be billed to paying clients in non-contingency matters." *See, e.g., In re Omnivisition Techs.* (N.D. Cal. 2007) 559 F.Supp.2d 1036, 1048 (approving reimbursement of "photocopying, printing, postage and messenger services, court costs, legal research on Lexis and Westlaw, experts and consultants, and the costs of travel for various attorneys and their staff."); *In re United Energy Corp. Sec. Litig.* (C.D. Cal. May 9, 1989) MDL No. 726, 1989 WL 73211, at *6 (approving reimbursement of filing fees, postage, telephone bills, photocopying, legal research assistance, deposition costs, and witness fees, citing Newberg, Attorney Fee Awards, § 2.19 (1987)). As demonstrated in the

Von Rock and Shkodnik Declarations, the incurred costs included: (1) filing fees; (2) mediation fees; (3) service fees; and (3) legal research and copy charges. *Id*. Class Counsel have reviewed accounting records and invoices and have attested to the appropriateness and necessity of the costs. *Id*. The costs incurred by Class Counsel in this matter benefited the class and are of the type routinely billed by attorneys in such litigation and are reasonable.

For the foregoing reasons, Class Counsel's costs request for $18,425.05, which is less than the maximum $25,000 allowed under the Settlement Agreement, is reasonable and should be granted.

VIII. SETTLEMENT ADMINISTRATION COSTS

The settlement administration costs are $11,000, as set forth in the Declaration of Bryn Bridley of Atticus Administration. The settlement administration costs were included in the Notice sent to Class Members. There were no objections by Class Members to the costs of the claims administration. *See*, Von Rock Dec. ¶ 29.

Plaintiffs obtained quotes from three established administration firms. Atticus provided the most competitive bid. The administration costs include the services of distributing the Postcard Notices of Settlement via U.S. mail, re-mailing any Postcard Notices returned as non-deliverable but with forwarding addresses, and re-mailing the Notice to any new address obtained by way of skip-trace. Atticus has also maintained a settlement website and toll-free number, and will calculate the settlement payments, calculate all applicable payroll taxes, withholdings, and deductions, and prepare and issue all disbursements to Class Members, Service Awards to Plaintiffs, payment to the LWDA, payment to Class Counsel for fees and costs, and payment to itself for fees in administering the settlement. *Id.* ¶ 30.

IX. THE INCENTIVE AWARDS TO THE CLASS REPRESENATIVES ARE REASONABLE.

Named Plaintiffs Alfonso Ceja Ruiz and Reynaldo Labo each seek an incentive award of $5,000, and $7,500 respectively. The representative plaintiffs are entitled to an incentive award payment for their time and effort in prosecuting this matter, as well as the burdens assumed as named plaintiffs.

Service awards are fairly typical in class action cases. "[T]he rationale for making enhancement or incentive awards to named plaintiffs is that they should be compensated for the expense or risk they have incurred in conferring a benefit on other members of the class. An incentive award is appropriate if it is necessary to induce an individual to participate in the suit." *Cellphone Termination Fee Cases* (2010) 186 Cal.App.4th 1380, 1395 (quoting *Clark v. Am. Residential Servs. LLC* (2009) 175 Cal.App.4th 785, 804-806). It is appropriate to provide relatively modest additional service payments to the Class Representatives. *See, Newberg*, § 12.1; *Clark v. American Residential Services* LLC (2009) 175 Cal.App.4th 785, 804 (outlining factors to consider when determining plaintiff incentive awards); *Van Vranken v. Atlantic Richfield Co*. (N.D. Cal. 1995) 901 F.Supp. 294.

Plaintiffs' proposed $5,000 and $7,500 incentive awards fall within a range deemed applicable by California courts. *See*, Theodore Eisenberg & Geoffrey P. Miller, *Incentive Awards to Class Action Plaintiffs: An Empirical Study* (2006) 53 UCLA L. Rev. 1303, 1308 (concluding the average award per class representative was $15,992). This request is not "excessive" – indeed, it is nowhere near what the court struck down in *Staton v. Boeing* (9th Cir. 2003) 327 F.3d 938 (finding service payments of more than $30,000 each excessive). Thus, awards of $5,000 and $7,500 service payment falls in line with other class action settlements of this type.

As a result of the Class Representatives' efforts, class members will each receive an average of $2,959.65 in claim payments, in addition to contributing $197,000 to the ongoing law enforcement efforts of the LWDA.

The Class Representatives spent a significant amount of time helping Class Counsel with the prosecution of this action and performing the following tasks: (1) speaking with their attorneys; (2) detailing their experiences and producing copies of relevant documents; (3) assisting in preparing the complaints; (4) reviewing the mediation documents prepared; (5) reviewing the terms of and signing the Settlement Agreement; (6) reviewing the terms of and signing the Amended Settlement Agreement; and (7) preparing declarations and supplemental declarations for preliminary approval. *See,* Von Rock Dec. ¶ 31; Shkodnik Dec. ¶¶ 41; *see also*, Revised Declaration of Alfonso Ceja Ruiz in Support of Preliminary Approval ("Ruiz Dec.") ¶¶

7-8; Revised Declaration of Reynaldo Labo in Support of Preliminary Approval ("Labo PA Dec.") ¶ 5.

Incentive awards are necessary to ensure that employees, like the Class Representatives, continue to bring claims like those brought here to enforce the wage and hour rights established by California law. Individuals like the Plaintiffs, here, (and most Settlement Class Members) would have little, if any, recourse without the class action device. Moreover, as with any plaintiff who files a civil action, the Class Representatives undertook the financial risk that, in the event of a judgment in favor of Defendant in this action, they could have been personally responsible for costs awarded in favor of the Defendant. Class Representatives must be commended for pursuing their claims; modest incentive awards, like that sought here, are an appropriate means of doing so.

Further, the Class Representatives have diligently, adequately, and fairly represented Settlement Class Members and have not placed their interests above that of any member of the Settlement Class. *See,* Von Rock Dec. ¶¶ 31-35; Shkodnik Dec. ¶¶ 39-42; *see also*, Ruiz Dec. ¶ 5; Labo PA Dec. ¶ 4. In light of the work that the representative plaintiffs performed on behalf of class, and the Class Members' response to the Settlement, with no objections and only 1 request for exclusion, the requested incentive awards to Mr. Ruiz and Mr. Labo are reasonable and appropriate.

X. CONCLUSION

For all the foregoing reasons, Plaintiffs respectfully urge the Court to grant final approval of the Parties' settlement.

Dated: July 22, 2025

Respectfully submitted,

D.LAW, INC.

By: /s/ Roman Shkodnik

____

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