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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF KERN

PAUL ESPARZA, as an individual and on behalf
of all others similarly situated, and as a private
attorney general,

Plaintiff,

vs.

SCIENTIFIC DRILLING INTERNATIONAL,
INC., a Texas corporation; and DOES 1 through
50, inclusive,

Defendants.

Case No. BCV-23-101895

[Hon. T. Mark Smith, Department T2]

**PLAINTIFF'S NOTICE OF MOTION AND
MOTION FOR APPROVAL OF PAGA
SETTLEMENT; MEMORANDUM OF
POINTS AND AUTHORITIES IN SUPPORT**

*[Filed concurrently with Declaration of
Declaration of Simon L. Yang; Declaration of
Paul Esparza; [Proposed] Order]*

Date: January 15, 2025
Time: 8:30 a.m.
Courtroom: T2

Complaint Filed: June 16, 2023
FAC Filed: August 11, 2023

1 **TO THE COURT, DEFENDANT, AND ITS COUNSEL OF RECORD:**

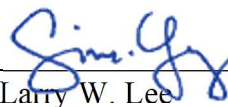
2 **PLEASE TAKE NOTICE** that on January 15, 2024, at 8:30 a.m., or as soon thereafter as the
3 matter may be heard in Courtroom T2 of the above-entitled court located at 3131 Arrow Street,
4 Bakersfield, California 93308, Plaintiff, Paul Esparza, will and hereby does move for an Order
5 approving the PAGA Settlement Agreement (the “Agreement”) entered into between Plaintiff and
6 Defendant, Scientific Drilling International, Inc..¹

7 The motion is made pursuant to Labor Code section 2699(s)(2), which requires a court to
8 “review and approve any settlement of any civil action filed pursuant to [the Labor Code Private
9 Attorneys General Act of 2004, Lab. Code §§ 2698 et seq. (“PAGA”)].” Lab. Code § 2699(s)(2). The
10 motion is made on the grounds that the Agreement and the Parties’ settlement are fundamentally fair,
11 adequate, and reasonable in light of PAGA’s policies and in furtherance of PAGA’s purposes. As set
12 forth in the concurrently filed declaration of Simon L. Yang, a copy of the Agreement and the motion
13 have been electronically submitted to the Labor and Workforce Development Agency in accordance
14 with Labor Code sections 2699(s)(2) and 2699(s)(4).

15 The motion is based on this notice, the memorandum of points and authorities, the Agreement,
16 the supporting Declarations of Simon L. Yang and Paul Esparza, all pleadings and papers on file herein,
17 and any further oral and documentary evidence as may be presented before or at the hearing of this
18 matter.

19 DATED: December 18, 2024

DIVERSITY LAW GROUP, P.C.

20 By: 
21 Larry W. Lee
22 Simon L. Yang
23 Attorneys for Plaintiff
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28 ¹ The Agreement is attached as Exhibit 1 to the concurrently filed Declaration of Simon L. Yang.

MEMORANDUM OF POINTS AND AUTHORITIES

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SUMMARY OF MOTION

As a proxy for the State of California pursuant to the Labor Code Private Attorneys General Act of 2004, Lab. Code §§ 2698 et seq. (“PAGA”), Plaintiff, Paul Esparza, sues Defendant, Scientific Drilling International, Inc., for Labor Code claims arising from Defendant’s alleged miscalculation of employees’ regular rates of pay. Specifically, Plaintiff alleges that Defendant miscalculates non-exempt employees’ regular rates of pay—and thus underpays required overtime and additional hour payments for missed meal and rest periods—whenever non-exempt employees are paid such wages in workweeks in which they also earn non-base hourly wages or other non-hourly, non-discretionary remuneration, including for example incentives and stipends.

Through the litigation, Plaintiff discovered that the alleged Labor Code violations affected approximately 32 employees in no more than 1,285 relevant pay periods from June 8, 2022, through June 16, 2024. Plaintiff then negotiated and obtained an excellent result for the State that requires Defendant to pay \$100,000.00 for the resolution of the alleged PAGA claims—or approximately \$77.82 for each of the relevant pay periods at issue. Significantly, the entire settlement amount is non-reversionary; none of the settlement amount will revert back to Defendant. The terms of the settlement are memorialized in the PAGA Settlement Agreement (“Agreement”), which is attached as Exhibit 1 to the concurrently filed Declaration of Simon L. Yang.

Under PAGA, the Court must review and approve the proposed settlement. Lab. Code § 2699(s)(2). Plaintiff thus moves for approval of the Agreement:

- The Agreement provides for an award of Attorneys’ Fees and Costs in the amount of \$35,000.00, in fees, plus up to \$12,500.00 in costs (though Plaintiff now seeks reimbursement of \$10,485.24 in costs only).
- It also provides for a \$10,000.00 PAGA Representative Enhancement Award to Plaintiff (i) as consideration for his additional general release of claims and waiver of Civil Code section 1542 and (ii) in recognition of his efforts and work in prosecuting the lawsuit on behalf of the State.
- It also provides for \$2,500.00 in Administration Costs to a settlement administrator for effectuating the payments contemplated by the Agreement.

- Finally, it provides for all remaining funds to constitute a PAGA Penalty Fund, 75% of which would be distributed to the Labor and Workforce Development Agency (“LWDA”) and 25% of which would be distributed to allegedly aggrieved employees.

The terms of the Agreement are fundamentally fair, adequate, and reasonable. In light of PAGA’s policies and in furtherance of PAGA’s purposes, the Court should approve the settlement.

RELEVANT BACKGROUND

On June 16, 2023, Plaintiff filed the original putative class action complaint in this matter. Declaration of Simon L. Yang (“Yang Decl.”) ¶ 2. On August 11, 2023, Plaintiff filed a first amended complaint to also allege a representative action under PAGA. *Id.* The operative complaint alleges Defendant fails to (i) pay overtime at the regular rate of pay, (ii) pay an additional hour of regular rate wages for missed, late, or interrupted meal periods and rest periods, (iii) timely pay all wages during employment or upon termination of employment, and (iv) provide complete and accurate itemized wage statements. *Id.*

The Parties met and conferred about the claims and Defendant’s defenses, including those based on an arbitration agreement and class action waiver. Yang Decl. ¶ 3. On December 7, 2023, the Parties agreed to dismiss Plaintiff’s individual and class action claims and to proceed with litigation of Plaintiff’s PAGA claims. *Id.* Plaintiff requested (and Defendant provided) additional informal discovery to enable the Parties to explore the possibility of an informal resolution. *Id.* For example, Defendant provided the relevant numbers of pay periods in which alleged underpayments occurred, among other things—enabling Plaintiff to assess the full value of the PAGA claims. *Id.* Defendant’s willingness to produce this information enabled Plaintiff to evaluate the full scope of Defendant’s potential liability. *Id.*

On June 28, 2024, the Parties attended a mediation with Tagore Subramaniam, an experienced mediator knowledgeable of both the wage and hour laws and PAGA claims at issue in the Action. Yang Decl. ¶ 4. With the mediator’s assistance and based on a mediator’s proposal, the Parties were able to agree to settlement terms, which were negotiated in light of all known facts and circumstances including the uncertainty associated with litigation, the risks of significant delay, and numerous potential appellate issues. *Id.* The settlement terms are memorialized in the PAGA Settlement Agreement. *Id.* Ex. 1 (the “Agreement”).

1 **SUMMARY OF PROPOSED SETTLEMENT**

2 **I. Settlement Payments**

3 The Agreement requires Defendant to pay a non-reversionary Settlement Amount of
4 \$100,000.00. Agreement § 3.1. From the Settlement Amount, the Parties will request that the Court
5 approve a PAGA Penalty Fund, Administration Costs, Attorneys' Fees and Costs Award, and PAGA
6 Representative Enhancement Award. *Id.* § 3.2.1-4. It is expected that the LWDA will receive
7 \$31,511.07 as its share of PAGA Penalties and that employees will receive \$10,503.69 as their share of
8 PAGA Penalties. Yang Decl. ¶ 10.

9 **II. Settlement Releases**

10 Plaintiff is subject to a general release. Agreement § 5.1. The State releases "any and all claims
11 PAGA claims arising during the PAGA period that are based on Labor Code violations pled in the
12 Action." *Id.* § 5.2. PAGA Counsel also releases any claims for attorneys' fees incurred in connection
13 with the Action. *Id.* § 5.3.

14 **LEGAL STANDARD**

15 PAGA requires courts to "review and approve" the settlement of any action filed under PAGA.
16 Lab. Code §2699(s)(2). The California Supreme Court has explained that a court's review of a PAGA
17 settlement is to ensure "that any negotiated resolution is fair to those affected." *Williams v. Superior*
18 *Court*, 3 Cal. 5th 531, 549 (2017). But "PAGA does not establish a standard for evaluating PAGA
19 settlements." *Griffin v. Consolidated Commc'ns*, 2023 WL 3853643, at *3 (E.D. Cal. June 6, 2023)
20 (quoting *Smith v. H.F.D. No. 55, Inc.*, 2018 WL 1899912, at *2 (E.D. Cal. Apr. 20, 2018)). Indeed, the
21 Legislature, California Supreme Court, California Courts of Appeal, and LWDA have not definitively
22 established the standards for review. *E.g., Haralson v. U.S. Aviation Servs. Corp.*, 383 F. Supp. 3d 959,
23 971 (N.D. Cal. 2019) (noting the absence of a "definitive" guidance for approval of a PAGA settlement).
24 The LWDA acknowledges the lack of a "specific benchmark" and has stated only that the relief
25 provided under PAGA must be "genuine and meaningful," "consistent with the underlying purpose of
26 the statute to benefit the public" and, in the context of a class action, "meet[] the standards of being
27 'fundamentally fair, reasonable, and adequate' with reference to the public policies underlying the
28

PAGA.” See *O’Connor v. Uber Techs., Inc.*, 201 F. Supp. 3d 1110, 1133 (N.D. Cal. 2016) (quoting California Labor and Workforce Development Agency’s Comments on Proposed PAGA Settlement).

Federal district courts have typically followed the LWDA’s limited guidance by requiring settlements to be “fundamentally fair, adequate, and reasonable in light of PAGA’s policies and purposes.” See *Haralson*, 383 F. Supp. 3d at 972 (collecting cases). When applying this test, federal district courts often consider factors such as strength of a Plaintiffs’ case; the risk, expense, complexity, and likely duration of further litigation; the amount offered in settlement; the extent of discovery completed; and the expertise and views of counsel. See *Smith*, 2018 WL 1899912, at *3. Federal district courts have also been mindful of the fact that trial courts have broad discretion to award civil penalties in amounts that are less than the maximum amounts authorized by PAGA. *Id.* at *3; see also Lab. Code § 2699(e)(2).²

“Given PAGA’s purpose to protect the public interest, [authoritative California courts] also agree with the LWDA and federal district courts that have found it appropriate to review a PAGA settlement to ascertain whether a settlement is fair in view of PAGA’s purposes and policies.” *Moniz v. Adecco USA, Inc.*, 72 Cal. App. 5th 56, 77 (2021).

DISCUSSION

I. The Settlement Complies with Statutory Requirements.

PAGA states that any “proposed settlement shall be submitted to the agency at the same time that it is submitted to the court.” Lab. Code. § 2699(s)(2). In satisfaction of that requirement, Plaintiff submitted a copy of the Agreement and this motion to the LWDA through the LWDA’s online filing system in conjunction with filing this motion. Yang Decl. ¶ 18, Ex. 4.

² A party asserting a PAGA claim is not required to meet the requirements of a class action. *Arias v. Superior Court*, 46 Cal. 4th 969, 984 (2009). Due process concerns with respect to absent class members are not present in a PAGA action. *Williams*, 3 Cal. 5th at 547 n.4. Unnamed employees need not be given notice of the PAGA claim, nor do they have the ability to opt out of the representative PAGA claim. E.g., *Baumann v. Chase Inv. Servs. Corp.*, 747 F.3d 1117, 1123 (9th Cir. 2014) (noting that unnamed employees need not be given notice of the PAGA claim or settlement approval) (citing *Ochoa-Hernandez v. Cjaders Foods, Inc.*, 2010 WL 1340777, at *4 (N.D. Cal. Apr. 2, 2010)). “The court does not have to approve the named PAGA plaintiff, nor does the court inquire into the adequacy of counsel’s ability to represent the unnamed employees.” *Ochoa-Hernandez*, 2010 WL 1340777, at *4. “[T]he purpose of PAGA is to incentivize private parties to recover civil penalties for the government that otherwise may not have been assessed and collected by overburdened state enforcement agencies.” *Id.*

1 **II. The Settlement Should Be Approved as Fair in Light of PAGA’s Purposes and Policies.**

2 **A. The Settlement Is Entitled to a Presumption of Fairness.**

3 In the class action context, a trial court must determine and approve a class action settlement is
4 fair to “prevent fraud, collusion or unfairness to the class” through settlement and dismissal of the class
5 action.” *Consumer Advocacy Grp., Inc. v. Kintetsu Enters. Of America*, 141 Cal. App. 4th 46, 60 (2006).
6 Courts presume the absence of fraud or collusion in the negotiation of settlement unless there is
7 evidence to the contrary. *Priddy v. Edelman*, 883 F.2d 438, 447 (6th Cir. 1989); *Mars Steel Corp. v.*
8 *Continental Illinois Nat’l Bank & Trust Co.*, 834 F.2d 677, 682 (7th Cir. 1987); *In re Chicken Antitrust*
9 *Litig.*, 560 F. Supp. 957, 962 (N.D. Ga. 1980).

10 While the recommendations of counsel proposing the settlement are not conclusive, the Court
11 can properly take them into account, particularly where, as here, they have been involved in thorough
12 investigation, are experienced with this type of litigation, and agreed to a resolution through arm’s
13 length negotiation. *See* 4 Alba Conte & Herbert B. Newberg, *Newberg on Class Actions* § 11.47 (4th ed.
14 2002); *National Rural Telecomms. Coop. v. DIRECTV, Inc.*, 221 F.R.D. at 528 (C.D. Cal. 2004) (“So
15 long as the integrity of the arm’s length negotiation process is preserved, however, a strong initial
16 presumption of fairness attaches to the proposed settlement ... and ‘great weight’ is accorded to the
17 recommendations of counsel, who are most closely acquainted with the facts of the underlying
18 litigation.”) (citations omitted). In such circumstances, as here, courts do not substitute their judgment
19 for that of the proponents. *National Rural Telecomms. Coop.*, 221 F.R.D. at 528; *accord Hammon v.*
20 *Barry*, 752 F. Supp. 1087 (D.D.C. 1990); *Steinberg v. Carey*, 470 F. Supp. 471 (S.D.N.Y. 1979); *In re*
21 *Armored Car Antitrust Litig.*, 472 F. Supp. 1357 (N.D. Ga. 1979); *Sommers v. Abraham Lincoln Federal*
22 *Sav. & Loan Ass’n*, 79 F.R.D. 571 (E.D. Pa. 1978).

23 The factors that would give rise to a presumption of fairness in the context of a class action
24 settlement are present in this PAGA action. Here, both Plaintiff’s counsel and Defendant’s counsel have
25 a great deal of experience in wage and hour and PAGA litigation. Plaintiff’s counsel have extensive
26 class action and PAGA litigation experience and have been approved as class counsel in numerous wage
27 and hour class actions. Yang Decl. ¶¶ 11-14. Each side has apprised the other of their respective factual
28 contentions and legal theories, and each side has considered the other’s contentions and theories.

1 Defendant provided the relevant numbers of pay periods in which alleged underpayments occurred,
2 among other things—enabling Plaintiff to assess the full value of the PAGA claims and further enabling
3 negotiations to take place between the Parties. Yang Decl. ¶ 3. As the settlement is the result of
4 extensive arm’s length negotiations between the Parties and their counsel, it is entitled to a presumption
5 of fairness. *Id.* ¶ 8.

6 **B. The Settlement Obtains an Excellent Result for the State.**

7 **1. The Settlement Amount Is Reasonable.**

8 Plaintiff contended that Defendant’s alleged Labor Code violations resulted in a \$100 per pay
9 period penalty for each of approximately 1,285 relevant pay periods that Plaintiff contended had alleged
10 underpayments. Yang Decl. ¶ 5; Lab. Code § 2699(f).³ The Agreement requires Defendant to pay
11 \$100,000.00—or approximately \$77.82 per pay period for the 1,285 relevant pay periods in which
12 Plaintiff contended Labor Code violations occurred. *Id.*

13 Defendant contested the merits and denied it was liable at all. Yang Decl. ¶ 6. For example,
14 Defendant contended that there were no underpayments of overtime and no meal or rest period
15 violations at all. *Id.* Moreover, even if Plaintiff prevailed on the merits, Defendant contested the extent
16 of liability. *Id.* Specifically, Defendant contended that PAGA penalties would be subject to discretionary
17 reductions, especially as Defendant had voluntarily already changed the relevant pay practices. *Id.*

18 While the Parties disagree on the application of the law to the facts, each Party recognized in
19 negotiations that, if taken to trial, the other Party would at least have reasonable arguments, such that the
20 Settlement Amount to which the Parties ultimately agreed was reasonable. Yang Decl. ¶ 7. Ultimately,
21 based on a review of Defendant’s records, Plaintiff argued that the potential total recovery amounted to
22 \$128,500.00—or \$100 for each of approximately 1,285 relevant pay periods that Plaintiff contended had
23 Labor Code violations. *Id.* ¶ 5. Plaintiff contends that the Settlement Amount of \$100,000.00—
24 approximately 77.82% of that potential recovery—is an excellent result. *Id.*

25 Although Plaintiff and his counsel are confident that litigation of the claims would result in a
26 judgment against Defendant, they recognize the inherent risks in litigation, including the specific risks
27 that the applicable law could change, that liability could not be established at trial, or that penalties
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³ Except as otherwise noted, all “Section” references are to the Labor Code.

1 awarded after trial would be reduced. Yang Decl. ¶ 8. The settlement is fair, reasonable, and adequate,
2 given the inherent risks of litigation, as well as the potential for appeals and the costs of pursuing
3 litigation. *Id.*

4 **2. The Settlement Releases Are Appropriate.**

5 As discussed above, only Plaintiff is subject to a general release. Agreement § 5.1. The State
6 releases any PAGA claims from June 8, 2022, through August 30, 2024, that are based on the Labor
7 Code violations pled in the Action. *Id.* §§ 1.19, 5.2. Plaintiff alleged targeted claims in the Action, and
8 any settlement releases also are specifically tailored to the targeted claims alleged. The settlement
9 releases are thus appropriate. *Cf. Carter v. City of Los Angeles*, 224 Cal. App. 4th 808, 820 (2014) (“A
10 general release—covering ‘all claims’ that were or could have been raised in the suit—is common in
11 class action settlements.”).

12 **C. The Requested Payments and Allocations Are Reasonable.**

13 The Agreement provides for a Settlement Amount of \$100,000.00. Agreement § 3.1. From the
14 Settlement Amount, attorneys’ fees will be no more than \$35,000.00, and while litigation costs of up to
15 \$12,500.00 are permitted, Plaintiff’s Counsel now seeks reimbursement of \$10,485.24 in costs only. *Id.*
16 § 3.2.1; Yang Decl. ¶¶ 9-10, Ex. 2. The requested PAGA Representative Enhancement Award is
17 \$10,000.00. Agreement § 3.2.2. The requested Administration Costs are \$2,500.00. Agreement § 3.2.3.
18 The PAGA Penalty Fund thus will be \$42,014.76, and pursuant to statute, 75% of the PAGA Penalty
19 Fund (or \$31,511.07) would constitute the LWDA Payment, and 25% of the PAGA Penalty Fund (or
20 \$10,503.69) would be payable to Aggrieved Employees based on the number of relevant pay periods
21 worked by each Aggrieved Employee. *Id.* § 3.2.4; *see also* Yang Decl. ¶ 10.⁴

22 **1. The Requested Attorneys’ Fees and Costs Award Is Reasonable.**

23 Plaintiff requests an attorneys’ fees award of \$35,000.00. Agreement § 3.2.1. Further, the Parties
24 have agreed to reimbursement of Plaintiff’s Counsel’s litigation costs. Plaintiff’s Counsel have incurred
25 costs at their own risk, for example, for filing the lawsuit, service of process, mediation fees, and
26 payment of other litigation related costs.

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⁴ Plaintiff files this motion with the Court and with the LWDA via online submission. Yang Decl. ¶ 18.

1 **a. The percentage of the fund method supports the requested fees.**

2 PAGA allows a prevailing plaintiff to recover reasonable attorneys’ fees. Lab. Code § 2699(g).
3 As discussed below, the requested attorneys’ fees of \$35,000.00 are reasonable in light of the standards
4 established in the class action context. There, California state and federal courts have recognized that an
5 appropriate method for determining award of attorneys’ fees is based on a percentage of the total value
6 of benefits to settlement beneficiaries. *Wershba v. Apple Computer, Inc.*, 91 Cal. App. 4th 224, 254
7 (2001); *Serrano v. Priest*, 20 Cal. 3d 25, 34 (1977); *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478
8 (1980); *Vincent v. Hughes Air West, Inc.*, 557 F.2d 759, 769 (9th Cir. 1997).

9 Indeed, under California law, the award of attorneys’ fees in common fund wage and hour class
10 action settlements should start with the percentage method. *See Laffitte v. Robert Half Int’l*, 1 Cal. 5th
11 480, 503 (2016) (“We join the overwhelming majority of federal and state courts in holding that when
12 class action litigation establishes a monetary fund for the benefit of the class members, and the trial
13 court in its equitable powers awards class counsel a fee out of that fund, the court may determine the
14 amount of a reasonable fee by choosing an appropriate percentage of the fund created”). Under the
15 percentage of the fund method, a court’s objective remains to “mimic the market” in fixing a reasonable
16 fee. *See Gaskill v. Gordon*, 160 F.3d 361, 363 (7th Cir. 1998) (Posner, J.) (“When a fee is set by a court
17 rather than by contract, the object is to set it at a level that will approximate what the market will set
18 The judge, in other words, is trying to mimic the market in legal services.”).

19 The requested attorneys’ fees of \$35,000.00 should be awarded for several reasons:

20 First, the fee award representing 35% of the fund clearly falls within the accepted range and is
21 consistent with other rulings of other courts and comprehensive surveys of fee awards. Attorneys’ fees
22 awards of 35% of the fund are within the expected range in the “market in legal services.” *See*
23 Fitzpatrick, *An Empirical Study of Class Action Settlements and Their Fee Award*, 7 J. Empirical Leg.
24 Stud. 811, 833 (2010) (analyzing 444 cases between 2006-2007 and concluding that “[m]ost fee awards
25 were between 25 percent and 35 percent”); *see also Chavez v. Netflix, Inc.*, 162 Cal. App. 4th 43, 66
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n.11 (2008) (“[E]mpirical studies [that] show that ... fee awards in class actions average around one-third of the recovery.”).⁵

Second, it is recognized that one of the primary factors justifying an enhanced attorney’s fees reward is the attendant risks inherent in the litigation. As observed in *City of Detroit v. Grinnell Corp.*:

No one expects a lawyer whose compensation is contingent upon his success to charge, when successful, as little as he would charge a client who had agreed to pay for his services, regardless of success. Nor, particularly in complicated cases producing large recoveries, is it just to make a fee depend solely on the reasonable amount of time expended.

495 F.2d 448, 470 (2d Cir. 1974). Here, it is clear that a settlement fund of \$100,000.00 has been created. For Plaintiff’s Counsel, the fees here were wholly contingent in nature. Nonetheless, despite the possibility of recovering nothing on the PAGA claims, Plaintiff’s Counsel did not accept a too heavily discounted settlement. Instead, Plaintiff’s Counsel continued litigating the claims to obtain an excellent result for the State.

b. The lodestar cross-check supports the requested fees.

The amount requested is reasonable for an additional reason. While the primary method employed to determine fees is the percentage method, courts have discretion to use the lodestar method to “cross-check” the amount of fees calculated by way of percentage. The *Laffitte* court emphasized, however, that “the lodestar calculation, when used in this manner, does not override the trial court’s primary determination of the fee as a percentage of the common fund and thus does not impose an absolute maximum or minimum on the potential fee award.” *Laffitte*, 1 Cal. 5th at 505 (emphasis added); *In re Rite Aid Corp. Secs. Litig.*, 396 F.3d 294, 306-07 (3d Cir. 2005) (“[T]he lodestar cross-check does not trump the primary reliance on the percentage of common fund method”).

Courts find reasonable multipliers in a lodestar cross-check can “range from 2 to 4 or even higher.” *Wershba v. Apple Computer, Inc.*, 91 Cal. App. 4th 224, 255 (2001).⁶ Indeed, the intermediate

⁵ Such a fee award mimics the market and “is supported by the fact that typical contingency fee agreements provide that class counsel will recover 33% if the case is resolved before trial and 40% if the case is tried.” *Fernandez v. Victoria Secret Stores LLC*, 2008 WL 8150856, at *16 n.59 (C.D. Cal. July 21, 2008) (citing Brickman, *Effective Hourly Rates of Contingency-Fee Lawyers: Competing Data and Non-Competitive Fees* (Fall 2003) 81 Wash U. L. Q. 653, 659 n. 11).

⁶ *Accord Chavez*, 162 Cal. App. 4th at 60 (applying a 2.5 multiplier on a lodestar cross-check); *Sutter Health Uninsured Pricing Cases*, 171 Cal. App. 4th 495, 512 (2009) (applying a 2.52 multiplier on a cross-check); *City of Oakland v. Oakland Raiders*, 203 Cal. App. 3d 78 (1988) (affirming a 2.34 multiplier without remand).

1 court in *Laffitte*—after finding that “2 to 4” is a reasonable range for multipliers on a cross-check—
2 affirmed a 2.13 multiplier. *Laffitte*, 231 Cal. App. 4th at 881-82.⁷ Moreover, the Ninth Circuit has cited
3 with approval a comprehensive study of fees awarded by the percentage method showing that the
4 majority of multipliers awarded are “in the 1.5-3.0” range. *See Vizcaino v. Microsoft Corp.*, 290 F.3d
5 1043, 1051 (9th Cir. 2002) (affirming a multiplier of 3.65 in an employment class action case and
6 analyzing the multiplier awarded in over 30 cases).⁸

7 With respect to Plaintiff’s Counsel’s lodestar, at least 51.1 hours have been expended by just one
8 of Plaintiff’s Counsel litigating this case. Yang Decl. ¶ 15, Ex. 3. Moreover, Plaintiff’s Counsel expects
9 to incur approximately 5.0 hours of anticipated time spent to attend the settlement approval hearing,
10 secure approval, and respond to post-approval phone calls and correspondence from the Administrator
11 and defense counsel to effectuate the terms of the settlement. *Id.* Courts are quite liberal in the evidence
12 required to prove an attorney’s hours; an attorney’s testimony alone may suffice. *Martino v. Denevi*, 182
13 Cal. App. 3d 553, 559 (1986) (“Testimony of an attorney as to the number of hours worked on a
14 particular case is sufficient evidence to support an award of attorney fees, even in the absence of detailed
15 time records.”).

16 Reasonable hours include, in addition to time spent during litigation, the time spent before the
17 action is filed, including time spent interviewing the clients, investigating the facts and the law, and
18 preparing the initial pleadings. *New York Gaslight Club, Inc. v. Carey*, 447 U.S. 54, 62 (1980). The fee
19 award should also include fees incurred to establish and defend the attorneys’ fee claim. *Serrano v.*
20 *Unruh*, 32 Cal. 3d 621, 639 (1982). The hours for which Plaintiff’s Counsel seeks compensation involve
21 only these types of tasks. Thus, the number of hours for which fees are sought is reasonable.

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23
24 ⁷ The intermediate court opinion was affirmed in full upon review by the California Supreme Court.

25 ⁸ Federal district courts applying California law have likewise routinely approved cross-check
26 multipliers between 2.0 and 3.0 in employment cases. *See, e.g., Willner v. Manpower Inc.*, 2015 WL
27 3863625, at *7 (N.D. Cal. June 22, 2015) (affirming a 2.10 multiplier on settlement of California Labor
28 Code violations); *Dyer v. Wells Fargo Bank, N.A.*, 303 F.R.D. 326, 334 (N.D. Cal. 2014) (approving
attorneys’ fees that resulted in lodestar multiplier of 2.83); *Hopkins v. Stryker Sales Corp.*, 2013 WL
496358, at *5 (N.D. Cal. Feb. 6, 2013) (approving a multiplier of 2.76 in settlement of Labor Code
violations). Other courts have found even higher multipliers to be reasonable by comparison to other
cases. *See Craft v. County of San Bernardino*, 624 F. Supp. 2d 1113, 1125-26 (C.D. Cal. 2008)
(approving a 5.2 multiplier after surveying a large body of cases affirming a higher multiplier).

1 A reasonable hourly rate is the prevailing rate charged by attorneys of similar skill and
2 experience in the relevant community. *PLCM Group, Inc. v. Drexler*, 22 Cal. 4th 1084, 1095 (2000).
3 The court may consider other factors when determining a reasonable hourly rate, *e.g.*, the attorney's skill
4 and experience, the nature of the work performed, the relevant area of expertise and the attorney's
5 customary billing rates. *Flannery v. California Highway Patrol*, 61 Cal. App. 4th 629, 632-33 (1998).

6 Here, Mr. Yang's hourly rate is \$750. Yang Decl. ¶ 16. Plaintiff's Counsel's skill and experience
7 justify the requested rate. As shown in the supporting declarations, Plaintiff's Counsel has significant
8 experience in the area of employment and wage and hour class and representative actions. Plaintiff's
9 Counsel's practices focus on representing employees in employment matters, particularly wage and hour
10 cases on a contingency basis. Yang Decl. ¶¶ 11-14.

11 Based on the rates and 56.1 total hours, the lodestar for just one of Plaintiff's Counsel through
12 the finalization of this settlement will be approximately \$42,075.00. Yang Decl. ¶ 17. The requested
13 attorneys' fees result in a negative multiplier of approximately 0.83. Again, the requested fees are
14 reasonable and fair, based on the factors described above. The cross-check also supports the requested
15 fees.

16 **c. The requested litigation costs are reasonable.**

17 PAGA also allows a prevailing Plaintiff to recover litigation costs. Lab. Code § 2699(k)(1). The
18 Agreement permits Plaintiff's Counsel to request up to \$12,500.00 in litigation costs. Agreement § 3.2.1.
19 Plaintiff's Counsel, however, seeks \$10,485.24 in costs only. Yang Decl. ¶¶ 9-10, Ex. 2. As set forth in
20 accompanying declarations of Plaintiff's counsel, these costs were all directly incurred in the prosecution
21 of this action, including filing fees and service fees. *Id.* As such, Plaintiff's Counsel's request for costs
22 in the amount of \$10,485.24 is fair, adequate, reasonable, and consistent with PAGA's policies. Because
23 this amount is less than what was provided in the Agreement, the difference will be distributed to the
24 LWDA and Aggrieved Employees as part of the PAGA Penalty Fund.

25 **2. The Requested PAGA Representative Enhancement Award Is Reasonable.**

26 Plaintiff, Paul Esparza, requests a modest PAGA Representative Enhancement Award of
27 \$10,000.00. Agreement § 3.2.2. The request is reasonable in light of the general release that the
28

1 Agreement requires of Plaintiff. Independently, the request is appropriate in recognition of Plaintiff's
2 efforts on behalf of the State. Declaration of Paul Esparza ("Esparza Decl.") ¶¶ 2-3.

3 With respect to the general release, Plaintiff did not proceed with litigation of all of his potential
4 claims and instead strategically pursued the targeted claims in this lawsuit to maximize his ability to
5 recover penalties for the State. Nonetheless, Plaintiff was required to agree to a general release as part of
6 this settlement, though in any other context, Plaintiff would have sought at least a \$10,000.00 payment
7 in exchange for a general release.

8 Independently, courts have held that named plaintiffs in private attorney general actions can
9 request a service award. *Rodriguez v. W. Publ'g Corp.*, 563 F.3d 948, 958-59 (9th Cir. 2009) (explaining
10 that service awards "are intended to compensate class representatives for work done on behalf of the
11 class, to make up for financial or reputational risk undertaken in bringing the action, and, sometimes, *to*
12 *recognize their willingness to act as a private attorney general*") (emphasis added).

13 As part of his duties as a private attorney general, Plaintiff provided all necessary information
14 and evidence that resulted in this settlement. Esparza Decl. ¶¶ 2-3. Plaintiff met and conferred with his
15 counsel on a number of occasions to discuss the case. *Id.* ¶ 3. Plaintiff provided information and
16 documents to his counsel and made himself available to answer any other questions. *Id.* Ultimately,
17 Plaintiff's efforts secured an exceptional result.

18 In addition to the invaluable services that Plaintiff provided, he also took a significant risk.
19 Esparza Decl. ¶ 4. Plaintiff risks prejudice in the future from other potential employers that may be less
20 willing to hire an individual who has filed suit against a prior employer. Plaintiff took this risk upon
21 himself and the State benefited. No other allegedly aggrieved employees had to face potential prejudice
22 in future employment. Nor did the State have to allocate its limited resources to ensure compliance with
23 the Labor Code.

24 **3. The Administration Costs Are Reasonable.**

25 Because the Agreement requires payments not only to Plaintiff, Plaintiff's Counsel, and the
26 LWDA, but also to other current and former employees, significant time and effort will be required to
27 administer the Agreement if it is approved by this Court. Among other things, the Administrator will
28 prepare and mail each absent employee's share and prepare appropriate tax forms for all parties who

1 receive payments under the Agreement. Similarly, any uncashed checks must be voided so that the
2 unclaimed amounts can be forwarded to the State of California Controller's Office Unclaimed Property
3 Fund. Agreement § 4.4.3.

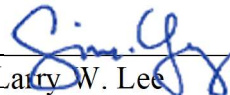
4 Phoenix Settlement Administrators, a well-recognized settlement administrator, has quoted
5 Administration Costs not to exceed \$2,500.00 to administer the settlement. Yang Decl. ¶ 10; *see also*
6 Agreement § 3.2.3. The Administration Costs are reasonable and should be approved.

7 CONCLUSION

8 The proposed settlement would result in substantial monetary benefits to the State. It was the
9 result of informed, arm's length negotiations conducted by counsel experienced in wage and hour class
10 and representative action litigation. Its terms appear to be fair, adequate, and reasonable, and there is no
11 reason to believe the proposal is outside the range of reasonableness for such a settlement. Accordingly,
12 for the benefit of the State and in furtherance of PAGA's policies, Plaintiff respectfully requests that the
13 Court grant approval of the settlement.

14 DATED: December 18, 2024

DIVERSITY LAW GROUP, P.C.

15 By: 
16 Larry W. Lee
17 Simon L. Yang
18 Attorneys for Plaintiff
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STATE OF CALIFORNIA]
]ss.
COUNTY OF LOS ANGELES]

On December 19, 2024, I served the following document(s) described as:

- on the interested parties in this action as follows:

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X BY ELECTRONIC SERVICE: Based on a court order I caused the above-entitled document(s) to be served through the Odyssey eFileCA E-Filing System at the website www.california.tylerhost.net, addressed to all parties appearing on the electronic service list for the above-entitled case. The service transmission was reported as complete and a copy of the filing receipt/confirmation will be filed, deposited, or maintained with the original document(s) in this office.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on December 19, 2024, at Los Angeles, California.


Erika Mejia