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Superior Court of CA
County of Santa Clara
23CV417412
By: MJacobo

SUPERIOR COURT, STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

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| LARY MARTIN JAMES, individually and on behalf of all others similarly situated,<br><br>Plaintiff,<br><br>v.<br><br>APPLIED MATERIALS, INC., et al.,<br><br>Defendants. | Case No.: 23CV417412<br><br>ORDER GRANTING PLAINTIFF'S MOTION FOR FINAL APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT |

This is a putative class and Private Attorneys General Act ("PAGA") action. Plaintiff Lary Martin James ("Plaintiff") alleges that Defendant Applied Materials, Inc. ("Applied" or "Defendant") committed various wage and hour violations. Before the Court is Plaintiff's motion for final approval of settlement, which is unopposed. For the reasons discussed below, the Court GRANTS Plaintiff's motion.

## I. BACKGROUND

According to the allegations of the operative First Amended Class Action Complaint ("FAC"), Plaintiff was formerly employed by Applied in a non-exempt, hourly-paid position. Plaintiff alleges that Defendant failed to: pay all wages owed (including minimum and overtime); provide lawful meal periods or compensation in lieu thereof; permit lawful rest breaks or provide compensation in lieu thereof; reimburse necessary business-related costs; provide accurate itemized wage statements; timely pay wages during employment; and pay all wages due upon separation of employment.

Based on the foregoing, Plaintiff initiated this action in June 2023 and filed the operative FAC on August 21, 2023, asserting the following causes of action: (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to permit rest breaks; (5) failure to reimburse business expenses; (6) failure to provide accurate itemized wage statement; (7) failure to pay timely wages during employment; (8) failure to pay all wages due upon separation of employment; (9) violation of Business & Professions Code § 17200; and (10) PAGA penalties.

The parties reached a settlement and Plaintiff moved for preliminary approval of the settlement, which the Court granted and thereafter entered a formal order memorializing its decision. Now before the Court is the unopposed motion for final approval of the settlement agreement.

## II. LEGAL STANDARD

Generally, "questions whether a settlement was fair and reasonable, whether notice to the class was adequate, whether certification of the class was proper, and whether the attorney fee award was proper are matters addressed to the trial court's broad discretion." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 234-235 (*Wershba*), citing *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794 (*Dunk*).)

In determining whether a class settlement is fair, adequate and reasonable, the trial court should 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." (*Wershba*, *supra*, 91 Cal.App.4th at pp. 244-245, citing *Dunk*, *supra*, 48 Cal.App.4th at p. 1801 and *Officers for Justice v. Civil Service Com'n, etc.* (9th Cir. 1982) 688 F.2d 615, 624 (*Officers*).)

"The list of factors is not exclusive and the court is free to engage in a balancing and weighing of factors depending on the circumstances of each case." (*Wershba*, *supra*, 91 Cal.App.4th at p. 245.) The court must examine the "proposed settlement agreement to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and adequate to all concerned." (*Ibid.*, quoting *Dunk*, *supra*, 48 Cal.App.4th at p. 1801 and *Officers*, *supra*, 688 F.2d at p. 625 [internal quotation marks omitted].)

The burden is on the proponent of the settlement to show that it is fair and reasonable. However "a presumption of fairness exists where: (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." (*Wershba*, *supra*, 91 Cal.App.4th at p. 245, citing *Dunk*, *supra*, 48 Cal.App.4th at p. 1802.)

Similar to its review of class action settlements, the Court must "determine independently whether a PAGA settlement is fair and reasonable," to protect "the interests of the public and the LWDA in the enforcement of state labor laws." (*Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 76-77.) The Court must make this assessment "in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." (*Id.* at p. 77.)

## III. TERMS AND ADMINISTRATION OF SETTLEMENT

The case has been settled on behalf of the following class:

[A]ll current and former employees who were directly hired and worked for Applied in non-exempt position in California at any time from December 17, 2018 through February 29, 2024.

According to the terms of the settlement, Defendant will pay a non-reversionary gross settlement of $2,500,000. The gross settlement amount includes attorney fees of up to $833,333.33 (one-third of the gross settlement), litigation costs not to exceed $25,000 and administration costs of $15,500 will be paid from the gross settlement. $100,000 will be allocated to PAGA penalties, 75% of which ($75,000) will be paid to the LWDA, with the remaining 25% ($25,000) distributed, on a pro rata basis, to "PAGA Group Members," who are defined as "all Class Members who worked for Applied in a non-exempt position in California at any time from June 13, 2022 through the date on which the Court grants preliminary approval of the Settlement."

Plaintiff will seek an incentive award of $10,000. The estimated net settlement amount will be allocated, on a pro rata basis. For tax purposes, settlement payments will be allocated 33.33% to wages and 66.66% to penalties and interest. PAGA payments will be allocated 100% to penalties. Defendant is responsible for employer-side payroll taxes. Funds associated with checks uncashed after 180 days will be transmitted to the Controller of the State of California to be held in trust for such Class Members pursuant to California unclaimed property law.

In exchange for the settlement, Class Members who do not opt out will release:

[A]ny and all claims under PAGA for civil penalties against Applied and the other Released Parties that arise out of or reasonably relate to the allegations asserted in the First Amended Complaint and notice submitted by Plaintiff to the LWDA pursuant to PAGA that, during the PAGA Period, Applied failed to pay all wages due, including minimum wages, paid sick leave, and overtime; provide meal and rest periods; pay meal and rest period premiums at the regular rate of pay; properly include shift differentials, bonuses, and other incentive compensation in the regular rate of pay for purposes of calculating overtime wages, paid sick leave, and meal and rest period premiums; maintain accurate records; furnish accurate itemized wage statements; reimburse necessary business expenses; timely pay all wages due during employment; and pay all wages due upon separation of employment (the "Released PAGA Claims"). The Released PAGA Claims, as defined above, include but are not limited to all such PAGA claims brought under California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 246, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2698 et seq., 2800, and 2802, and the Industrial Welfare Commission Wage Order. All PAGA Group Members will release the Released PAGA Claims and receive a PAGA Group Payment, regardless of whether they elect not to participate in the Settlement.

PAGA Group Members, who consistent with the statute will not be able to opt out of the PAGA portion of the settlement, will release:

[A]ny and all claims under PAGA for civil penalties against Applied and the other Released Parties that arise out of or reasonably relate to the allegations asserted in the First Amended Complaint and notice submitted by Plaintiff to the LWDA pursuant to PAGA that, during the PAGA Period, Applied failed to pay all wages due, including minimum wages, paid sick leave, and overtime; provide meal and rest periods; pay meal and rest period premiums at the regular rate of pay; properly include shift differentials, bonuses, and other incentive compensation in the regular rate of pay for purposes of calculating overtime wages, paid sick leave, and meal and rest period premiums; maintain accurate records; furnish accurate itemized wage statements; reimburse necessary business expenses; timely pay all wages due during employment; and pay all wages due upon separation of employment (the "Released PAGA Claims"). The Released PAGA Claims, as defined above, include but are not limited to all such

PAGA claims brought under California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 246, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2698 et seq., 2800, and 2802, and the Industrial Welfare Commission Wage Order. All PAGA Group Members will release the Released PAGA Claims and receive a PAGA Group Payment, regardless of whether they elect not to participate in the Settlement.

In its July 26, 2024 order granting preliminary approval of the settlement, the Court approved CPT Group ("CPT") as the settlement administrator. On November 12, 2024, Defense counsel provided CPT with the class data file, including names, social security numbers, last known mailing addresses, employment dates, and the total number of relevant workweeks worked by each Class member ("Class List"). (Declaration of Tanner Nicodemus ("Nicodemus Decl."), ¶ 5.) The mailing list included 1,548 Class Members, of which 1,049 are also PAGA eligible as Aggrieved Employees. (*Ibid.*) On November 29, 2024, CPT sent the Class Notice to all members on the Class List. (*Id.* at ¶ 7.) As of the date of Nicodemus Declaration, January 23, 2025, 70 Class Notices have been considered undeliverable. (*Id.* at ¶ 9.) As of the date of the same declaration, the settlement administrator has received no objections to the settlement and no disputes from Class Members. (*Id.* at ¶¶ 10-11.) CPT has received 5 requests for exclusion that were timely and valid. (*Id.* at ¶ 12.) CPT reports a total of 1,543 Class Members. (*Id.* at ¶ 14.) According to the administrator's calculations, the average individual settlement will be approximately $982.29. (*Id.* at ¶ 17.) The notice process has now been completed.

## IV. ENHANCEMENT AWARDS, ATTORNEY FEES, AND COSTS

The Settlement Agreement provides for an enhancement award to Plaintiff in the amount of $10,000.

The 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. Criteria courts may consider in determining whether to make an incentive award include: 1) the risk to the class representative in commencing suit, both financial and otherwise; 2) the notoriety and personal difficulties encountered by the class representative; 3) the amount of time and effort spent by the class representative; 4) the duration of the litigation and; 5) the personal benefit (or lack thereof) enjoyed by the class representative as a result of the litigation. These "incentive awards" to class representatives must not be disproportionate to the amount of time and energy expended in pursuit of the lawsuit. (*Cellphone Termination Fee Cases* (2010) 186 Cal.App.4th 1380, 1394-1395 [internal punctuation and citation].)

Plaintiff submitted a declaration describing his participation in the action, amounting to approximately 114 hours and including: searching for documents, communication with counsel, preparing declarations, responding to questions, and reviewing documents. (Lary Martin James Declaration, ¶ 12.) Accordingly, the Court approves an enhancement award to Plaintiff in the amount of $10,000.

The Court has an independent right and responsibility to review the requested attorney fees and only award so much as it determines reasonable. (See *Garabedian v. Los Angeles Cellular Telephone Co.* (2004) 118 Cal.App.4th 123, 127-128.) "Courts recognize two methods for calculating attorney fees in civil class actions: the lodestar/multiplier method and the percentage of recovery method." (*Wershba*, *supra,* 91 Cal.App.4th at p. 254.)

Class counsel seeks an attorney fee award in the amount of $833,333.33, one-third of the gross settlement amount. Counsel provides evidence of a lodestar of $434,355, based on a total of 531.1 hours at rates ranging from $600 to $950. (Declaration of Alexander G.L. Davies ("Davies Decl.") ¶¶ 44-45.) This results in a multiplier of 1.92, below the range of multipliers that courts typically approve. (*Wershba, supra,* 91 Cal.App.4th at p. 255 ["[m]ultipliers can range from 2 to 4 or even higher"].) The benefits achieved by the settlement justify an award of attorney fees to class counsel. The Court finds that the requested attorney fee award is reasonable as a percentage of the common fund and approves an attorney fee award in the requested amount of $833,333.33.

Class counsel requests reimbursement of litigation costs in the amount of $23,757.40. This amount is $1,242.60 less than the maximum amount provided for in the Settlement Agreement. This amount includes an additional anticipated $60 for the costs associated with filing the instant motion. (Davies Decl., ¶ 47.) The Court does not award anticipatory expenses. The Court approves an award of litigation costs in the amount of $23,697.40. CPT seeks a total of $16,000 for administration costs. (Nicodemus Decl., ¶ 19.) The Settlement Agreement only provides for a maximum of $15,500 for admiration costs and the Court previously approved $15,500 in granting the preliminary approval of settlement. Accordingly, the Court approves $15,500 for settlement administration costs.

## V. CONCLUSION

The motion for final approval of class and representative action settlement is GRANTED. The class as defined herein is certified for settlement purposes. Judgment shall be entered through the filing of this order and judgment. (Code Civ. Proc., § 668.5.) Pursuant to Rule 3.769(h) of the California Rules of Court, the Court retains jurisdiction over the parties to enforce the terms of the settlement agreement and the final order and judgment.

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The Court sets a compliance hearing for **<u>December 18, 2025 at 2:30 p.m.</u>** in Department 7. At least ten court days before the hearing, class counsel and the settlement administrator shall submit a summary accounting of the net settlement fund identifying distributions made as ordered herein; the number and value of any uncashed checks; amounts remitted to the *cy pres* recipient; the status of any unresolved issues; and any other matters appropriate to bring to the court's attention. Counsel shall also submit an amended judgment as described in Code of Civil Procedure section 384, subdivision (b).

Dated: April 18, 2025

Charles F. Adams

CHARLES F. ADAMS
Judge of the Superior Court