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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

HAYDEN HARRELL, individually, and on behalf of aggrieved employees pursuant to the Private Attorneys General Act ("PAGA"); Plaintiff, v. REINHOLD INDUSTRIES, INC., a Delaware corporation; and DOES 1 through 100, inclusive; Defendants.	Case No.: 23STCV22625 Assigned for All Purposes to: Honorable Teresa A. Beaudet Department 50 **NOTICE OF MOTION AND MOTION FOR APPROVAL OF PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE § 2698, *ET SEQ.*) SETTLEMENT AGREEMENT; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** [Declaration of Counsel (Douglas Han); Declaration of Plaintiff (Hannah Harrell); Declarations of Lisa Mullins; and [Proposed] Order filed concurrently herewith] Reservation No. 486001208054 Hearing Date: May 20, 2025 Hearing Time: 10:00 a.m. Hearing Place: Department 50 Complaint Filed: September 19, 2023 Trial Date: None Set

PLEASE TAKE NOTICE that on May 20, 2025 at 10:00 a.m., or as soon as thereafter as the matter may be heard, before the Honorable Teresa A. Beaudet in Department 50 of the Sacramento County Superior Court located at 111 North Hill Street Los Angeles, California 90012, Plaintiff Hannah Harrell ("Plaintiff") will and hereby do moves for entry of an order and judgment approving the Settlement Agreement and Release ("Settlement Agreement," "Settlement," or "Agreement"), attached as **Exhibit 2** to the declaration of Douglas Han, pursuant to Labor Code section 2699(l).

This motion is based upon this notice of motion and motion; Settlement Agreement; Declaration of Plaintiff's Counsel (Douglas Han), Declaration of Hannah Harrell, and Declaration of Lisa Mullins in support thereof; Proposed Order approving the Settlement Agreement; pleadings and other records on file with the Court in this matter; and such evidence and oral argument as may be presented at the hearing.

Dated: December 19, 2024

JUSTICE LAW CORPORATION

By: ______________________
Douglas Han
Attorneys for Plaintiff

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MEMORANDUM OF POINTS AND AUTHORITIES

I. SUMMARY OF MOTION

Under Labor Code section 2699(l)(2), Plaintiff seeks approval of the Settlement Agreement entered between Plaintiff and Defendant Reinhold Industries, Inc. ("Defendant"). Plaintiff entered the Settlement Agreement on behalf of herself and all current and former hourly-paid or non-exempt employees within the State of California employed by Defendant and those assigned as temporary employees by Skillset Group LLC at Defendant within the State of California at any time during the period from July 16, 2022, through October 19, 2024.

II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND

On July 14, 2023, Plaintiff provided a written notice to the California Labor and Workforce Development Agency ("LWDA") and Defendant. On September 19, 2023, Plaintiff filed a representative Private Attorneys General Act of 2004 ("PAGA") action against Defendant in the Superior Court of California, County of Los Angeles.[1]

On September 19, 2024, the Parties remotely participated in private mediation with the mediator Tagore Subramaniam that ultimately resulted in the settlement of this matter.[2]

III. SUMMARY OF THE SETTLEMENT TERMS

A. Allocation of the Gross Settlement Amount

The Settlement provides that Defendant will pay a non-reversionary Gross Settlement Amount of $350,000. The PAGA Penalties Fund will be the Gross Settlement Amount less: (1) Attorneys' Fees Award of $122,500; (2) Litigation Costs Award of $17,033.09; (3) Enhancement Payments of $5,000; and (4) Administration Costs of $5,500.[3]

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1 (Declaration of Douglas Han ("Han Decl."), ¶ 10.)

2 (*Id.* at ¶¶ 11-15.)

3 (Settlement Agreement attached as **Exhibit 2** to the Declaration of Douglas Han ("Settlement Agreement"), §§ 7(a), 7(b)(i)-7(b)(iv).)

The current amount of the PAGA Penalties Fund is estimated to be $199,966.91. Seventy-five percent (75%) of the PAGA Penalties Fund will be transmitted to the LWDA as the LWDA Payment pursuant to Labor Code section 2699(i). The remaining twenty-five percent (25%) of the PAGA Penalties Fund will be distributed to the Settlement Group Members.[4]

B. Distribution of the PAGA Penalties Fund

On the Effective Date, Defendant shall provide the Settlement Administrator a list of Settlement Group Members. The Gross Settlement Amount will be deposited into a qualified settlement fund created by the Settlement Administrator and will be disbursed to the appropriate entities and persons in the manner and timeline set forth in the Agreement. Uncashed settlement checks will be directed to the California State Controller for deposit in the Unclaimed Property Fund in the name of the employee.[5]

C. The Scope of the Release in the Settlement Agreement

Effective on the date when Defendant fully funds the Gross Settlement Amount, Plaintiff, LWDA, and all Settlement Group Members are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the operative complaint and PAGA Notice that occurred during the Settlement Period.[6] (*Arias v. Sup. Ct.* (2009) 46 Cal.4th 969, 980, 986 [a plaintiff suing under PAGA "does so as the proxy or agent of the state's labor law enforcement agencies," and, as such, "represents the same legal right and interest as state labor law enforcement agencies … ."].) A judgment in a PAGA action "binds not only that [plaintiff] employee but also the state labor law enforcement agencies." (*Ibid.*) Further, "[b]ecause an aggrieved employee's action under [PAGA] functions as a substitute for an action brought by the government itself, a judgment in that action binds all those, including nonparty aggrieved employees, who would be bound by

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[4] (Settlement Agreement, *supra*, at § 7(b)(v).)

[5] (*Id.* at § 8.)

[6] (*Id.* at §§ 9(a), 9(b).)

a judgment in an action brought by the government." (*Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at p. 986) "Accordingly, with respect to the recovery of civil penalties, nonparty employees as well as the government are bound by the judgment in an action brought under [PAGA] … ." (*Ibid.*)

D. No Right to Object to or Opt Out of the Settlement

"[A] PAGA action is a statutory action for penalties brought as a proxy for the state … there is no need to protect absent employees' due process rights[.]" (*Williams v. Sup. Ct.* (2017) 3 Cal.5th 531, 546.) "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." (*Ochoa-Hernandez v. CJADERS Foods, Inc.* (N.D. Cal. Apr. 2, 2010), 2010 WL 3570777, at *5.) "PAGA does not make other potentially aggrieved employees parties" and no "due process concerns arise under PAGA because absent employees do not own a personal claim for PAGA civil penalties and whatever personal claims the absent employees might have for relief are not at stake." (*Williams*, at pp. 546-547 (internal references omitted, citing *Amalgamated Transit Union, Local 1756, AFL-CIO v. Sup. Ct.* (2009) 46th Cal.4th 993, 1003 and *Iskanian v. CLS Trans. Los Angeles, LLC*, (2014) 58 Cal.4th 348, 381.)) "[A]bsent fellow employees will be bound by the outcome of any PAGA action[.]" (*Williams*, at p. 548 (internal references omitted, citing *Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at pp. 980-981; *Fireside Bank v. Sup. Ct.* (2007) 40 Cal.4th 1069, 1074 and *Richmond v. Dart Indus., Inc.* (1981) 29 Cal, 3d 462, 474.)

Consistent with this law, the Settlement does not have a procedure for the Settlement Group Members to object to or exclude themselves from the Settlement.

IV. STANDARD FOR APPROVAL OF PAGA SETTLEMENT

The PAGA allows an "aggrieved employee" to bring a civil action on behalf of themself, other aggrieved employees, and State of California to recover civil penalties with respect to provisions of the Labor Code that do not provide for civil penalties. Before bringing a civil action under PAGA, an employee must comply with Labor Code section 2699.3. (Lab. Code § 2699(a).) A court "may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory." (Lab. Code § 2699(e)(2).)

The settlement of a PAGA claim requires court approval. (Lab. Code § 2699(l)(2).) "A PAGA claim asserted on a non-class representative basis . . . is not considered a class action but a law enforcement action" and does not have to meet the requirements of a class action. (*Casida v. Sears Holdings Corp.* (E.D. Cal. Jan. 26, 2012) 2012 WL 253217, at *3; *Thomas v. Aetna Health of Cal., Inc.* (E.D. Cal. June 2, 2011) 2011 WL 2173715, at *11; *Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at pp. 980-988 (affirming lower court's holding that "plaintiff need not satisfy class action requirements" to assert a PAGA claim); *Pedroza v PetSmart, Inc.* (C.D. Cal. Jan. 28, 2013) 2013 WL 1490667, at *15.) A court's review of a PAGA settlement involves analysis of several unique features that render the approval process distinct from approval of a class action settlement. A court reviewing a PAGA settlement only needs to "ensur[e] that a negotiated resolution is fair to those affected." (*Williams v. Sup. Ct.*, *supra*, 3 Cal.5th at p. 549 (citing Lab. Code § 2699(l)(2)).) The Court of Appeal has held that "a trial court should evaluate a PAGA settlement to determine whether it is fair, reasonable, and adequate in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." (*Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 77.)

The Court's focus is on whether the total settlement amount achieves PAGA's objectives. PAGA's purpose "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." (*Ochoa-Hernandez*, *supra*, 2010 WL 3570777, at *4 (citing *Arias v. Sup. Ct.*, *supra*, 46 Cal.4th at p. 986).) Penalties recovered under the PAGA are, in part, to "be distributed to the [LWDA] for enforcement of labor laws . . . and for education of employers and employees about their rights and responsibilities under this code, to be continuously appropriated to supplement and not supplant the funding to the agency for those purposes." (Lab. Code § 2699(j).) The recovery of penalties on behalf of the state is essentially a law enforcement action. (*Amalgamated Transit Union, Local 1756, AFL-CIO v. Sup. Ct.*, *supra*, 46 Cal.4th at p. 1003 (stating the PAGA is mechanism for "an aggrieved employee to recover civil penalties – for Labor Code violations

– that otherwise would be sought by state labor law enforcement agencies"); see also *Iskanian v. CLS Trans. Los Angeles, LLC*, *supra*, 58 Cal.4th at p. 381.)

V. THE PROPOSED SETTLEMENT IS FAIR AND SHOULD BE APPROVED.

A. The Factors Giving Rise to a Presumption of Fairness Exist.

A settlement agreement that is "the product of extensive and hard-fought adversarial negotiations between the parties" is entitled to a presumption of fairness. (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 245.)

The Court should give considerable weight to the competency, experience, and opinion of counsel and the involvement of a neutral mediator in assuring that the Settlement is a product of hard-fought negotiations that was entered without collusion. (*Kirkorian v. Borelli* (N.D. Cal. 1988) 695 F.Supp. 446, 451 (opinion of experienced counsel is entitled to considerable weight); *Boyd v. Bechtel Corp.* (N.D. Cal. 1979) 485 F.Supp. 610, 616-617, 622 (recommendations of Plaintiff's Counsel should be given a presumption of reasonableness); see also *Satchell v. Fed. Express Corp.* (N.D. Cal. Apr. 13, 2007) 2007 WL 1114010, at *4 (stating the "assistance of an experienced mediator in the settlement process confirms that the settlement is non-collusive").)

The Settlement is presumptively fair. This is because the Settlement: (1) is the product of non-collusive, arm's-length negotiations; (2) was negotiated by counsel with experience in similar wage-and-hour litigation; and (3) occurred after the Parties' counsel engaged in investigation of the strengths of this case and risks of continued litigation.

B. The Relative Strength of the PAGA Claim and Range of Possible Outcomes in the Litigation Strongly Favor Approval of the Settlement.

Defendant maintained that it had compliant employment policies and practices throughout the statutory period. If this case had not been settled, Defendant would have challenged Plaintiff's standing as a Settlement Group Member and denied that the other employees were aggrieved. Defendant also argued that the Court was unlikely to assess cumulative penalties for the maximum number of possible separate Labor Code violations because the "subsequent violation" theory of PAGA recovery would not be triggered in this case, and it would be unjust, arbitrary, oppressive, and/or confiscatory. (See e.g. *Bernstein v. Virgin Am., Inc.* (9th Cir. 2021) 3 F.4th 1127, 1144.) Defendant asserted that PAGA penalties are not mandatory but permissive and discretionary and maintained that it had a strong argument that it would be unjust to award maximum PAGA penalties. (*Thurman v. Bayshore Transit Mgmt., Inc.* (2012) 203 Cal.App.4th 1112 [reducing penalties by 30% under this authority].)[7]

The provisions of the Labor Code triggering PAGA penalties include, but are not limited to, Labor Code sections 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802. For Plaintiff to recover civil penalties, she must prove the underlying Labor Code violations with respect to the Settlement Group Members and show that Defendant's conduct gave rise to penalties. (See e.g. *Elliot v. Spherion Pac. Work, LLC* (C.D. Cal. 2008) 572 F.Supp.2d 1169, 1181-1182.)[8]

Plaintiff alleges that PAGA penalties would be about **$22,700** (227 employees x $100 penalty for initial violation) on the low end and **$136,200** (227 employees x $100 penalty for initial violation x 6 theories of recovery) on the high end. But Plaintiff recognized the risk that any PAGA award could be reduced, meaning that the Gross Settlement Amount for PAGA civil penalties was reasonable. When PAGA penalties are negotiated in good faith and "there is no indication that [the] amount was the result of self-interest at the expense of other Class Members," such amounts are generally considered reasonable. (*Hopson v. Hanesbrands Inc*. (N.D. Cal. Apr. 3, 2009) No. 08-00844, 2009 U.S. Dist. LEXIS 33900 at *24; see e.g. *Nordstrom Com. Cases* (2010) 186 Cal.App.4th 576, 579 ("[T]rial court did not abuse its discretion in approving a settlement which does not allocate any damages to the PAGA claims.").)[9]

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[7] (Han Decl., *supra*, at ¶¶ 19-23.)

[8] (*Id.* at ¶ 24.)

[9] (*Id.* at ¶ 25-28.)

C. <u>The Settlement Avoids Risky, Complex, and Lengthy Litigation.</u>

Courts favor voluntary conciliation and settlement of complex litigation. (*Class Plaintiffs v. City of Seattle* (9th Cir. 1992) 955 F.2d 1268, 1276.) Generally, "unless the settlement is clearly inadequate, its acceptance and approval are preferable to lengthy and expensive litigation with uncertain results." (*Nat'l Rural Telecomms. Coop. v. DIRECTV, Inc.* (C.D. Cal. Jan. 5, 2004) 221 F.R.D. 523, 526 (citation omitted).)

Both sides used the pre-mediation time to investigate the veracity, strength, and scope of the PAGA claim. The Parties engaged in discovery and exchanged documents and data to mediate the claims relevant to the Labor Code violations and applicable defenses thereto and to determine the potential value and strength of the PAGA claim. Plaintiff's Counsel believed that it would be best to pursue a settlement rather than take the risky and uncertain trial route. Even if the Parties had managed to negotiate a similar settlement later, it would have been severely undercut but the additional costs and expenses incurred. In other words, the Settlement offers immediate recovery rather than only the possibility of recovery at some indeterminate later date.[10]

D. <u>The Settlement Is Fair, Adequate, and Reasonable.</u>

"[T]he very essence of a settlement is compromise, 'a yielding of absolutes and an abandoning of highest hopes.'" (*Officers for Justice v. Civil Serv. Comm'n* (9th Cir. 1981) 688 F.2d 615, 624.) "The proposed settlement is not to be judged against a hypothetical or speculative measure of what might have been achieved by the negotiators." (*Id*. at p. 625.)

The Settlement provides a significant monetary benefit to the LWDA and Settlement Group Members. Moreover, the proposed plan of allocation of the PAGA Penalties Fund to the LWDA and Settlement Group Members fully complies with Labor Code section 2699(i).

Plaintiff and Plaintiff's Counsel recognize the expense, length, risk, and uncertainty of continued proceedings necessary to litigate this dispute. To recover civil penalties, Plaintiff would have to prove that the Settlement Group Members suffered from the underlying Labor Code violations and that Defendant's conduct gave rise to penalties, which could take several months,

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[10] (Han Decl., *supra*, at ¶¶ 11-15.)

or even years, to prove. Plaintiff and Plaintiff's Counsel also considered Defendant's agreement to enter a settlement that confers significant relief. Plaintiff and Plaintiff's Counsel determined that the Settlement represents a fair, adequate, and reasonable resolution of the PAGA claim.[11]

E. <u>Experience and Views of Plaintiff's Counsel Favor Settlement Approval.</u>

Plaintiff's Counsel are experienced in complex representative and class action wage-and-hour litigation. Plaintiff's Counsel believe that the benefit conferred by the Settlement is fair and reasonable and in the best interests of the LWDA and Settlement Group Members.[12]

VI. <u>APPROVAL OF THE ATTORNEYS' FEES AWARD.</u>

A. <u>A Fee Award of Percentage of the Entire Fund is Appropriate.</u>

The Settlement provides for an Attorneys' Fees Award of $122,500. The Attorneys' Fees Award is commensurate with the: (1) risks undertaken; (2) time, effort, and expense dedicated; (3) skills and determination shown; (4) value achieved; and (5) other cases turned down.

The propriety of calculating and awarding attorneys' fees as a percentage of a monetary fund preserved or recovered for the benefit of others has been confirmed by the California Supreme Court. (*Laffitte v. Robert Half Int'l, Inc.* (2016) 1 Cal.5th 480, 486, 506.) While trial courts have discretion to apply either a lodestar method or percentage of-the-fund method, the California Supreme Court has taken the position trial courts "retain the discretion to forgo a lodestar cross-check and use other means to evaluate the reasonableness of a requested percentage fee[,]" and "[t]he percentage of fund method survives in California." (*Ibid.* (internal quotes omitted); see also *Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 253.)

The percentage fee method is preferred in representative actions because "it better approximates the workings of the marketplace than the lodestar approach." (*Lealao v. Beneficial Cal., Inc.* (2000) 82 Cal.App.4th 19, 49.) California law provides that the award for attorneys' fees should be equivalent to fees freely negotiated in the legal marketplace and paid in comparable litigation based on the result achieved and risk incurred. (*Lealao v. Beneficial Cal., Inc.*, *supra*,

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[11] (Han Decl., *supra*, at ¶¶ 19-23, 38.)

[12] (*Id.* at ¶¶ 2-7; Exhibit 1.)

82 Cal.App.4th at pp. 47, 50; *Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 503.) In cases where the agreement provides the defendant agrees to pay the attorneys a percentage of the fund created by the agreement, use of that percentage method is appropriate. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 32.) Fees in class and representative actions should approximate the probable terms of a contingent fee contract negotiated by a sophisticated attorney and client in similar litigation. (*Id.* at p. 48.) "The ultimate goal … is the award of a 'reasonable' fee to compensate counsel for their efforts, irrespective of the method of calculation." (*Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557-558 (quotation omitted).)

Plaintiff's Counsel are entitled to recover reasonable attorneys' fees and costs as a matter of right. (Lab. Code § 2699(g)(1).) Plaintiff's Counsel are entitled to fees and costs under Code of Civil Procedure section 1021.5 as this case is by definition "for the benefit" of others and has secured monetary awards for the Settlement Group.[13] The payment to the LWDA will also benefit the agency in enforcing labor laws and educating "employers and employees about their rights and responsibilities under [the Labor Code]." (Lab. Code § 2699(i).)

B. <u>The Attorneys' Fees Award is Reasonable Based on the Factors Considered in Determination of Fee Awards.</u>

The factors courts consider in determining whether fee awards are reasonable are: (1) time and labor required; (2) novelty and difficulty of the questions; (3) requisite skills to perform the legal services; (4) preclusion of other employment by the attorney; (5) customary fee; (6) whether the fee is fixed or contingent; (7) time limitation imposed; (8) amount involved and results obtained; (9) experience, reputation and ability of the attorney; (10) undesirability of the case; (11) nature and length of the professional relationship; and (12) awards in similar cases. (*Camden I Condo. Ass'n, Inc. v. Dunkel* (11th Cir. 1991) 946 F.2d 768, 772.)

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[13] (*Estrada v. FedEx Ground Package Sys. Inc.* (2007) 154 Cal.App.4th 1, 16-17 (recognizing that recovery obtained on behalf of 209 individual satisfies the "significant benefit," "public interest," and "large class of persons" requirements of Code of Civil Procedure section 1021.5, regardless of plaintiff's personal motivation).)

It should be highlighted that the percentage award sought is commensurate with the: (1) results obtained; (2) risks undertaken; (3) difficulty of this case; and (4) skills displayed and the quality of work, which are addressed below.

1. The Results Obtained

The results attorneys obtain for their clients is an important factor when determining the reasonability of a percentage-based fee. (*Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 489.) Law firms that obtain exceptional results expect those results to be reflected in their fees.

The results obtained herein are reasonable as Plaintiff's Counsel obtained a settlement of $350,000 without the need for extended litigation. If this case went to trial, there was no guarantee that the trial would have been short or that either party would have prevailed. Even if the Parties reached a similar settlement, it would have been undercut by additional expenses incurred. Resolution of this dispute at this stage is preferred as the Parties were moving to the phase where significant time and money would inevitably have to be spent to prepare for trial.

By avoiding the uncertainties associated with conducting trial and Defendant's responses to the allegations, Plaintiff's Counsel obtained those results more quickly and surely than if the matter had been litigated to final resolution. Under the law, this factor also supports the Attorneys' Fees Award. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 51.)

2. The Risks Undertaken

Whether or not representation is provided on a contingency basis is an important factor:

> A contingent fee must be higher than a fee for the same legal services paid as they are performed [and] […] compensates the lawyer not only for the legal services he renders but for the loan of those services. A lawyer who both bears the risk of not being paid and provides legal services is not receiving the fair market value of his work if he is paid only for the second of these functions. If he is paid no more, competent counsel will be reluctant to accept fee award cases. (internal quotes and citations omitted)

(*Cates v. Chiang* (2013) 213 Cal.App.4th 791, 823.)

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Plaintiff executed a contingent fee agreement. This meant no recovery would have equated to no compensation for 242.5 hours of work and $17,033.09 litigation costs incurred. Several factors also made this case difficult, thereby contributing to the risks undertaken. These factors included: (1) locating and interviewing putative aggrieved employees to corroborate the allegations; (2) employees working for Defendant through temporary employment agencies; (3) difficulties in pinning down job responsibilities, wages paid, breaks taken; (4) number of documents that had to be reviewed and analyzed; (5) shifting wage-and-hour laws; and (6) Defendant's initial firm resistance to the relief.[14]

Attorneys being paid on an hourly basis as opposed to being paid on a contingent basis are assuming less risks. (See e.g. *Ketchum v. Moses* (2001) 24 Cal.4th 1122, 1132-1133.) The contingent risks are a major factor when determining attorneys' fees. (See e.g. *Laffitte v. Robert Half Int'l, Inc.*, *supra*, 1 Cal.5th at p. 504 (noting that trial court had carefully considered risks and contingency involved in awarding 33 and 1/3% fee).)

3. The Difficulty of the Litigation

The unsettled nature of the law, factual complexities underlying the policies and practices in place, and other issues made this case complex and difficult. Plaintiff's Counsel overcame these obstacles by obtaining a settlement that is fair, adequate, and reasonable. Plaintiff's Counsel obtaining a fair settlement despite these roadblocks speaks volumes of their skill and experience. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 42 (the "special skill and experience of counsel" is a relevant factor when determining fee award).)

Due to the difficulty of this case, Plaintiff's Counsel devoted substantial hours to this matter. The Task & Time Chart sets forth the hours, allocating the total time to the tasks required to conclude this lawsuit. As stated in the previous section, this was not a clear-cut case. Plaintiff's Counsel had to overcome roadblocks and obstacles before they could reach the settlement, which further illustrates the difficulty of this case.[15]

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[14] (Han Decl., *supra*, at ¶¶ 29, 31, 32, 35.)

[15] (*Id.* at ¶ 31; Exhibit 3.)

4. The Skill Displayed and Quality of Work

The level of skill displayed and the excellent quality of work it produced also justify the Attorneys' Fees Award. Plaintiff's Counsel are skilled and experienced representatives and class action wage-and-hour litigators, and the Task & Time Chart further illustrates this assertion.

Plaintiff's Counsel used the pre-mediation time period to investigate the veracity, strength, and scope of the PAGA claim and to prepare for representative adjudication. This included: (1) engaging case strategy and analysis; (2) requesting and gathering relevant documents; (3) drafting, reviewing, and revising pleadings and mediation brief; (4) preparing for and appearing at court proceedings; (5) calculating potential damages for mediation purposes; (6) preparing for and attending mediation and settlement negotiations; and (7) working with Defendant's counsel to draft and finalize the Settlement Agreement (and exhibit). Plaintiff's Counsel also undertook the arduous task of locating and interviewing putative aggrieved employees to verify if the PAGA claim raised individualized issues.[16]

Plaintiff's Counsel's accumulated skill and expertise contributed to the Settlement in this case. Under California law, this factor (skills displayed and quality of work) also supports the Attorneys' Fees Award. (*Lealao v. Beneficial Cal., Inc.*, *supra*, 82 Cal.App.4th at p. 51.)

C. <u>The Lodestar Methodology Justifies Approval of the Attorneys' Fees Award.</u>

When a common fund is involved, courts may use the lodestar method. A court tasked with cross-checking a percentage-based fee considers the reasonableness of the lodestar figure, which is the time reasonably spent multiplied by the reasonable hourly compensation of the attorneys. (*Serrano v. Priest* (1977) 20 Cal.3d 25, 48.) The court may then adjust, increase, or decrease that figure after considering factors like the novelty and complexity of the issues, skill and expertise, extent the litigation precluded other employment, and risk involved. (*Id.* at p. 49.)

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[16] (Han Decl., *supra*, at ¶ 13.)

Plaintiff's Counsel spent 242.5 hours litigating this matter. Plaintiff's Counsel's hourly rates are supported by the 2022 Real Rate Report that was compiled by Wolter Kluwer that surveyed the hourly rates charged in 2022 by hundreds of attorneys in California. Likewise, Plaintiff's Counsel's hourly rates are in line with the Laffey Matrix.[17]

1. Work Performed for a Reasonable Number of Hours.

Counsel is entitled to compensation for every hour reasonably spent. (*Ketchum v. Moses*, *supra*, 24 Cal.4th at p. 1133.) Reasonableness is assessed by "the entire course of the litigation, including pretrial matters, settlement negotiations, discovery, litigation tactics, and the trial itself[.]" (*Vo v. Las Virgenes Municipal Water Dist.* (2000) 79 Cal.App.4th 440, 447.)

This matter required a significant amount of time and labor. The Task & Time Chart evidenced the numerous tasks that were performed to seek all necessary information. The Task & Time Chart further illustrates that Plaintiff's Counsel spent a reasonable number of hours working on this case, thereby demonstrating the application for the attorneys' fees is reasonable.[18]

The case involved, among other things, gathering and analyzing data from Defendant and other sources. Plaintiff's Counsel undertook intense preparation to resolve the entire matter through mediation. These preparations ranged from locating and interviewing putative aggrieved employees, gathering and reviewing a myriad of documents, determining the scope of the Settlement Group, verifying the strengths of the PAGA claim, etc.

2. Reasonable Hourly Rate of Compensation.

Plaintiff's Counsel's hourly rates are well within the range of rates charged by comparably qualified attorneys in California and the legal profession in general for comparably complex work. By extension, Plaintiff's Counsel's hourly rates are in line with the Laffey Matrix.[19]

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[17] (Han Decl., *supra*, at ¶¶ 32-34; Exhibits 4, 5.)

[18] (*Id.* at ¶ 31; Exhibit 3.)

[19] (*Id.* at ¶ 33; Exhibits 4, 5.)

Based on the attorney time expended, the base lodestar fees calculation is $187,670, resulting in a negative multiplier of 0.65 when cross-checked to the Attorneys' Fees Award.[20]

VII. THE LITIGATION COSTS AWARD SHOULD BE APPROVED

The Settlement Agreement allows for Litigation Costs Award up to $20,000. Plaintiff's Counsel incurred $17,033.09 litigation in costs and expenses. Plaintiff's Counsel request that the Court order the reimbursement of these costs and expenses.[21]

VIII. THE ENHANCEMENT PAYMENT SHOULD BE APPROVED

The purpose of such an award is to incentivize plaintiffs to step into the shoes of the state labor agency and undertake the risks associated with initiating a lawsuit and serving in a representative capacity. (*Bell v. Farmers Ins. Exch.* (2004) 115 Cal.App.4th 715, 726 ("service payments" compensate named plaintiff "for [her] efforts in bringing the action"); *Clark v. Am. Residential Servs., LLC* (2009) 175 Cal.App.4th 785, 804 ("an incentive award is appropriate 'if it is necessary to induce an individual to participate in the suit'"); accord *Ingram v. The Coca-Cola Co.* (N.D. Ga. 2001) 200 F.R.D. 685, 694 (internal quotation marks omitted) ("Courts routinely approve incentive awards to compensate named plaintiffs for the services they provided and the risks they incurred during the course of the [...] litigation.").)

The Settlement provides for the Enhancement Payment of $5,000 to Plaintiff for the claimed services and contributions on behalf of the Settlement Group. Plaintiff spent a substantial amount of time and effort in locating and producing relevant documents and past employment records, reviewing relevant documents, and providing the facts and evidence supporting the allegations. Plaintiff was available whenever needed by Plaintiff's Counsel and actively tried to obtain and provide as much information as possible. Plaintiff spent numerous hours speaking with Plaintiff's Counsel about the alleged violations, discussing the work experiences and work environment, helping Plaintiff's Counsel develop a strategy to obtain additional documents, aiding Plaintiff's Counsel to determine the importance of the documents produced, and reviewing

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[20] (Han Decl., *supra*, at ¶¶ 32, 34.)

[21] (*Id.* at ¶ 35; Exhibit 6.)

the operative complaint, Defendant's answer, and Settlement Agreement (and exhibit). Plaintiff also made herself available all day to participate in and assist with mediation.[22]

Plaintiff was advised of and accepted the risks and sacrifices associated with serving as the named plaintiff. Plaintiff is also not related to anyone associated with Plaintiff's Counsel. This is further proof that Plaintiff's interests are not adverse to the Settlement Group Members.[23]

IX. THE ADMINISTRATION COSTS SHOULD BE APPROVED

The Agreement provides for the payment of Administration Costs of up to $5,500 The Administration Costs are intended to cover the costs incurred by the Settlement Administrator for performing its duties outlined in the Agreement. Plaintiff's Counsel have previously worked with the Settlement Administrator and are familiar with its superior reputation and work.[24]

X. CONCLUSION

The Settlement is fair, adequate, and reasonable, as it represents a reasonable compromise. Plaintiff requests that the Court approve the Settlement, including the plan of allocation and distribution of the above-mentioned payments.

Dated: December 19, 2024

JUSTICE LAW CORPORATION

By: ______________________

Douglas Han
Attorneys for Plaintiff

[22] (Han Decl., *supra*, at ¶ 36; Declaration of Hannah Harrell ("Harrell Decl."), ¶¶ 6-10.)

[23] (Han Decl., *supra*, at ¶ 36; Harris Decl., *supra*, at ¶¶ 11-14.)

[24] (Han Decl., *supra*, at ¶ 37.)

PROOF OF SERVICE
1013A(3) CCP

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Avenue, Suite 101, Pasadena, California 91103 and my electronic service address is fgonzalez@justicelawcorp.com.

On December 19, 2024, I served the foregoing document described as

NOTICE OF MOTION AND MOTION FOR APPROVAL OF PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE § 2698, *ET SEQ*.) SETTLEMENT AGREEMENT; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF

for the following case: **Harrell v. Reinhold Industries, Inc.**
LWDA/Court Case No.: **LWDA Case No.: LWDA-CM-968344-23**
Court Case No.: 23STCV22625
Los Angeles County Superior Court

on interested parties in this action by electronically submitting as follows:

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

[X] BY ELECTRONIC SUBMISSION
Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

[X] STATE
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 Pasadena, California.

Flor Gonzalez