

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SACRAMENTO

Gordon D. Schaber Superior Court, Department 23

JUDICIAL OFFICER: HONORABLE JILL H. TALLEY

Courtroom Clerk: T. Shaddix

Court Attendant: C. Carrillo

CSR: None

23CV011127

September 6, 2024

9:00 AM

WATSON, et al.

vs

**PRESSED JUICERY, INC., A DELAWARE
CORPORATION, et al.**

MINUTES

NATURE OF PROCEEDINGS: Hearing on Motion for Preliminary Approval of Settlement

After hearing oral argument the Court affirmed its tentative ruling with the following modification: The plaintiff submitted a declaration complying with the requirements set forth in the tentative ruling. Therefore the motion is granted.

TENTATIVE AFFIRMED

Plaintiff Rose Watson's motion for approval of Private Attorneys General Act ("PAGA") settlement is UNOPPOSED and GRANTED SUBJECT TO THE CONDITION STATED BELOW as follows.

Reason for Conditional Approval

The Court's checklist provides that: "all facts submitted for the Court to consider must be provided through a declaration or other admissible evidence. All factual assertions must properly cite to evidence submitted with the motion. The Court will not consider factual claims stated only in the motion." (<https://www.saccourt.ca.gov/civil/docs/cv-class-settlement-checklist.pdf>) Plaintiff's discussion as to how the Parties arrived at the settlement figure compared with the penalty exposure is only contained in the memorandum of points and authorities. While the information provided is sufficient, it must be provided in a declaration in order for the Court to grant this motion. Accordingly, Plaintiff is directed to submit the information related to the penalty exposure and the factors that led the Parties to reach a settlement of \$700,000 in a declaration. The Court will sign the proposed order *after* this condition is satisfied.

Overview

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On November 6, 2023, Plaintiff filed a complaint alleging a single cause of action for civil penalties pursuant to PAGA against Defendant Pressed Juicery, Inc. ("Defendant"). The PAGA claim is based on the following alleged underlying Labor Code violations: (1) failure to pay overtime; (2) failure to pay minimum wages; (3) failure to provide and record meal periods; (4) failure to authorize and permit rest periods; (5) failure to provide and maintain compliant wage statements; (6) failure to pay wages during employment; (7) failure to pay wages upon termination; (8) failure to properly calculate sick leave rates of pay; (9) failure to provide one day's rest in seven; (10) failure to provide suitable resting facilities; (11) failure to provide suitable seating; and (12) failure to reimburse necessary business expenses.

The Parties engaged in informal discovery. Defendant produced its California labor policies and procedures manuals and a sample of Aggrieved Employees' time records. (Perez Decl. ¶ 3.) On May 1, 2024, the Parties participated in a mediation with Louis Marlin, Esq. and reached a settlement. (*Id.* at ¶¶ 3-4.) Thereafter, the Parties entered into a written settlement agreement. (*Id.* at Ex. 1 ("Agreement").) Plaintiff seeks approval of this PAGA settlement pursuant to Labor Code section 2699(l). A copy of the proposed PAGA settlement and this motion was provided to the Labor and Workforce Development Agency ("LWDA"). (Notice Re Submission Ex. 1.)

Aggrieved Employees are defined as: all persons who were employed by Defendant in California as non-exempt, hourly-paid employees at any time during from September 1, 2022, through August 1, 2024. (Agreement ¶¶ 2 & 10.) There are approximately 1,800 Aggrieved Employees. (*Id.* at ¶ 10.)

Legal Standard

In the event an aggrieved employee wishes to settle a PAGA claim, the Labor Code requires the superior court to "review and approve any penalties sought as part of [the] proposed settlement agreement." (Lab. Code, § 2699(l)(2).) Such review and approval must "ensur[e] that any negotiated resolution is fair to those affected." (*Williams v. Superior Court* (2017) 3 Cal.5th 531, 549.)

As with any settlement, the Court must be mindful in conducting its inquiry that "[s]ettlement is a compromise, which balances the possible recovery against the risks inherent in litigating further." (*See In re TD Ameritrade Account Holder Litig.* (N.D. Cal. Sept. 12, 2011) 2011 U.S. Dist. LEXIS 103222, 24.) Indeed, "the very essence of a settlement is ... a yielding of absolutes and an abandoning of highest hopes" (*Officers for Justice v. Civil Service Com.* (9th Cir., 1982), 688 F.2d 615, 624) as "it is the very uncertainty of outcome in litigation and avoidance of wasteful and expensive litigation that induce consensual settlements." (*See Id.* at 625.) As such, "the settlement or fairness hearing is not to be turned into a trial or rehearsal for trial on the merits' or 'judged against a hypothetical or speculative measure of what might have been achieved by the negotiators." (*Ibid.*)

Although the operative PAGA statute does not set forth the criteria on which a PAGA settlement is to be judged, it is presumed that a reviewing court may utilize some of the factors for review of a class action settlement under Fed. R. Civ. P. 23 ("Rule 23"), Code Civ. Proc., § 382 and

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Rule 3.769, Cal. Rules of Court, as courts within California have approved settlements of PAGA claims encompassed within class action settlements using Rule 23 criteria. However, it is important to underscore that not all Rule 23 factors can be applied, as "a PAGA claim asserted on a non-class representative basis . . . is not considered a class action but a law enforcement action, *and therefore does not have to meet the requirements of Rule 23.*" (See *Casida v. Sears Holdings Corp* (E.D. Cal. Jan. 25, 2012) 2012 U.S. Dist. LEXIS 9302, 8; *Thomas v. Aetna Health of Cal. Inc.* (E.D. Cal. June 2, 2011) 2011 U.S. Dist. LEXIS 59377; *Mendez v. Tween Brands, Inc.* (E.D. Cal. June 30, 2010) 2010 U.S. Dist. LEXIS 66454, 12.) Based thereon, a court's review of a PAGA settlement necessarily implicates the following unique features that render the approval process completely distinct from approval of a class action settlement under Rule 23 or Code Civ. Proc., § 382 and Rule 3.769, Cal. Rules of Court.

First, in evaluating the adequacy of the settlement amount, the Court's focus is not concerned with the amount which "aggrieved employees" are to receive, but rather, must focus on the total settlement amount in achieving PAGA's objective. Indeed, "[t]he remedy sought in a PAGA suit consists of civil penalties, not individual or class damages" (*Mendez*, 2010 U.S. Dist. LEXIS 66454 at 11) and "[u]nlike class actions, these civil penalties are not meant to compensate unnamed employees because the action is fundamentally a law enforcement action." (See *Ochoa-Hernandez v. CJADERS Foods, Inc.*, (N.D. Cal. Apr. 2, 2010) 2010 U.S. Dist. LEXIS 32774, 12.) Second, consistent with the fact that unnamed employees have no property interest in a PAGA claim, "[u]named employees need not be given notice of the PAGA claim, nor do they have the ability to opt-out of the representative PAGA claim." (See *Ochoa-Hernandez*, 2010 U.S. Dist. LEXIS 32774, at 13.) Finally, unlike a class action settlement under Rule 23(e) or Code Civ. Proc., § 382, the scope of release permitted in a PAGA settlement is limited. While "judgment in [a PAGA] action is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding" (*Arias v. Superior Court* (2009) 46 Cal.4th 969, 986), "the nonparty employees, because they were not given notice of the action or afforded any opportunity to be heard, would not be bound by the judgment as to remedies other than civil penalties." (*Id.* at 987.) Thus, scope of a release in a PAGA settlement is necessarily strictly confined to the civil penalties alleged in the complaint.

In deciding whether to grant approval of the proposed Settlement, the primary issue to be decided is whether the Settlement is fair, adequate and reasonable. As set forth herein, the proposed Settlement embodies all of the features of a settlement that is fair, reasonable, and adequate, as it is the product of (1) arms-length negotiations, (2) negotiated by attorneys experienced in wage and hour issues, (3) subsequent to undertaking sufficient investigation necessary to evaluate the relative strength and value of the PAGA claim, and (4) it reflects a reasoned compromise based directly on the relative strength and value of the PAGA claim, as well as the risks, expense, complexity and likely duration of further litigation.

Discussion

In this settlement, Defendant agrees to pay the Gross Settlement Amount ("GSA") of \$700,000. (Agreement ¶ 11.) The following will be out of the GSA: (1) a service award of \$10,000 to Plaintiff; (2) attorneys' fees in the amount of \$233,333 (1/3 of GSA) and costs in the amount of \$13,652.34 to Plaintiff's counsel; and (3) administration costs of \$10,000 to CPT Group, Inc. (*Id.*

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at ¶¶ 13, 14, 16; Perez Decl. ¶ 20-24.) The net settlement will be divided as follows: 75% of the net settlement amount will be paid to the LWDA and 25% will be paid to Aggrieved Employees. (Agreement ¶¶ 6, 12.)

Plaintiff contends that the \$700,000 settlement represents a fair penalty because it amounts to roughly 17% of Defendant's total penalty exposure. (MPA 12:7-16.) The Court finds that the amount appears reasonable. Plaintiff's counsel's request for attorney's fees is also reasonable. Finally, the Court finds the requested service award is reasonable.

The funds for any checks that remain uncashed after 180 days will be sent to The Justice Gap Fund maintained by the California State Bar as a *cy pres* beneficiary. (Agreement ¶ 20.)

Disposition

The Court finds that the PAGA settlement is fair, reasonable, and adequate and approved as required under California Labor Code section 2698 et seq. Based on the amount of penalties at issue, the risk of loss on the merits, the risk of being able to prove violations as required by statute for damages purposes, and the Court's statutorily authorized power to reduce penalties, the Agreement represents a sufficient recovery for individuals within the scope of the PAGA claims and the LWDA to further its purpose in enforcing the Labor Code. The Court approves the requested attorneys' fees and representative service award. **After the Parties submit the supplemental declaration described at the outset of this ruling**, Court will sign the proposed order submitted with the moving papers.

The Court sets a settlement compliance hearing for May 29, 2026 at 10:30 a.m. in this department. At least 15 days prior to the hearing, counsel shall file a declaration regarding the status of the distribution of the settlement funds. If the Court is satisfied that the settlement funds have been fully distributed, no appearance will be required.

To request oral argument on this matter, you must call Department 23 at 916-874-5754 by 4:00 p.m., the court day before this hearing and notification of oral argument must be made to the opposing party/counsel. If no call is made, the tentative ruling becomes the order of the court. (Local Rule 1.06.)

Please check your tentative ruling prior to the next Court date at www.saccourt.ca.gov prior to the above referenced hearing date.

If oral argument is requested, the parties may and are encouraged to appear by Zoom with the links below:

To join by Zoom Link - <https://saccourt-ca-gov.zoomgov.com/my/sscdept23>

To join by phone dial (833) 568-8864 ID 16108301121

Parties requesting services of a court reporter will need to arrange for private court reporter services at their own expense, pursuant to Government code section 68086 and California Rules of Court, Rule 2.956. Requirements for requesting a court reporter are listed in the Policy for

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Official Reporter Pro Tempore available on the Sacramento Superior Court website at <https://www.saccourt.ca.gov/court-reporters/docs/crrp-6a.pdf>. Parties may contact Court-Approved Official Reporters Pro Tempore by utilizing the list of Court Approved Official Reporters Pro Tempore available at <https://www.saccourt.ca.gov/court-reporters/docs/crrp-13.Pdf>

A Stipulation and Appointment of Official Reporter Pro Tempore (CV/E-206) is required to be signed by each party, the private court reporter, and the Judge prior to the hearing, if not using a reporter from the Court's Approved Official Reporter Pro Tempore list. Once the form is signed it must be filed with the clerk.

If a litigant has been granted a fee waiver and requests a court reporter, the party must submit a Request for Court Reporter by a Party with a Fee Waiver (CV/E-211) and it must be filed with the clerk at least 10 days prior to the hearing or at the time the proceeding is scheduled if less than 10 days away. Once approved, the clerk will be forward the form to the Court Reporter's Office and an official reporter will be provided.

Counsel for Plaintiff is directed to notice all parties of this order.

Status Conference regarding settlement compliance is scheduled for 05/29/2026 at 10:30 AM in Department 23 at Gordon D. Schaber Superior Court.

By: */s/ T. Shaddix*
T. Shaddix, Deputy Clerk
Minutes of: 09/06/2024
Entered on: 09/06/2024