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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SOLANO

(UNLIMITED JURISDICTION)

ROSARIO PEREZ HERNANDEZ and VANESSA HERNANDEZ, on behalf of themselves and all others similarly situated,

Plaintiffs,

vs.

SAHAJANAND INVESTMENT, LLC, a California Limited Liability Corporation; AKSHAR HOSPITALITY, LLC, a California Limited Liability Corporation; SUNHIL KHATRI, an individual; NEVILLE PARUJANWALA, an individual; HARISHCHANDRA PARUJANWALA; an individual; PRATIMA PARUJANWALA, an individual; and DOES 1-50, inclusive,

Defendants.

CASE NO. CU23-04949

CLASS ACTION

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF UNOPPOSED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT

Date: November 18, 2025
Time: 9:00 a.m.
Dept: 3
Judge: The Honorable Stephen Gizzi

Filed: October 26, 2023

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INTRODUCTION

Rosario Perez Hernandez ("Perez") and Vanessa Hernandez (Hernandez) (collectively "Plaintiffs" or "Class Representatives") and Sahajanand Investment, LLC, ("Sahajanand"), Akshar Hospitality, LLC ("Akshar"), Sunhil Khatri, Neville Parujanwala, Harishchandra Parujanwala, and Pratima Parujanwala (collectively referred to as "Defendants") have agreed to a non-reversionary, settlement of $150,000.00 for distribution to class members who worked for Defendants any time during the period beginning four years prior to the filing of this lawsuit. The settlement involved a substantial compromise on the value of Plaintiffs' claims, but was agreed to because of the strapped financial condition of Defendants. Given Defendants' dire financial status, Plaintiffs believe that the proposed settlement is advantageous to the class, and a fair, reasonable and adequate resolution considering the financial condition of Defendants, for a class of approximately 200 current or former hourly, non-exempt employees who have worked for Defendants at the Comfort Inn and/or Quality Inn owned/operated by Defendants.

This action was filed by Plaintiffs against Sahajanand, who does business as Comfort Inn in Fairfield, California and Akshar, who does business as Quality Inn in Vallejo, California (collectively "corporate defendants") on October 26, 2023, as a wage and hour class action in the Superior Court of the State of California, County of Solano. The Complaint included a Private Attorneys General Act (PAGA) cause of action seeking penalties for all the underlying claims alleged in the Complaint and as set forth in the letters to the LWDA submitted prior to the commencement of this lawsuit. On January 4, 2024, Plaintiffs filed their First Amended Complaint ("FAC"), to include a cause of action for individual liability against newly added defendants Sunil Khatri, Neville Parujanwala, Harishchandra Parujanwala, and Pratima Parujanwala (collectively" individual defendants") who Plaintiffs are informed and believe are, owners, directors, officers, or managing agents of the corporate defendants and who violated or caused to be violated provisions of the labor code and/or IWC Wage Orders.[1] Defendants filed Answers to the FAC on April 1, 2024

[1] Plaintiffs filed an LWDA letter on March 23, 2023, with respect to the corporate defendants, and filed a subsequent LWDA letter on October 20, 2023, with respect to the individual defendants.

THE VILLEGAS LAW FIRM, APC.
Attorneys at Law
San Francisco

(Sahajanand and individual defendants) and April 3, 2024 (Akshar).

Following exchange and extensive review of relevant documents, class data, and financial records of the corporate defendants and the individual defendants, the parties entered into arms-length settlement negotiations. After numerous rounds of discussions, the parties reached a settlement in principle on December 17, 2024. The Memorandum of Understanding ("MOU") was fully executed by the parties on May 9, 2025, and the long form settlement agreement encompassed in a Joint Stipulation of Settlement Agreement of Class Action and PAGA Claims was fully executed on July 22, 2025. The parties hereby present to the Court for approval, the basic terms of their agreement which are as follows:

(1) The Gross Settlement Amount is $150,000.00;

(2) No portion of the Gross Settlement Amount will revert to Defendants;

(3) A Net Settlement Amount of $72,500 will be available for distribution to Settlement Class Members;

(4) Plaintiffs request, and Defendants do not oppose, an Incentive Award of $5,000.00 to each Class Representative, in consideration for their time and effort in bringing and prosecuting this matter on behalf of the Class, and as consideration for their Release of Claims as against Defendants;

(5) The ILYM Group, Inc., (hereafter "ILYM") will administer the Settlement[2] at a cost not to exceed $10,00.00 to be paid separately by Defendants and will not be deducted from the Gross Settlement Amount;

(6) Plaintiffs request, and Defendants do not oppose, a sum of $7,500.00 allocated to PAGA Penalties, 75% ($5,625.00) of which shall be paid to the LWDA and 25% ($1,875.00), shall be distributed to the eligible employees who worked during the PAGA period;

(7) Plaintiffs request, and Defendants do not oppose, an award of attorneys' fees to Plaintiffs' Counsel in the amount of 33.3% of the Gross Settlement Amount, or $50,000.00;

[2] ILYM was selected as the administrator as it provided the lowest quote, of three obtained.

(8) Plaintiffs request, and Defendants do not oppose, the reimbursement of costs to Plaintiffs' Counsel from the Gross Settlement Amount, not to exceed $10,000.00;

(9) Defendants' portion of FICA, FUTA, SDI, and other employment taxes attributable to the portion of the funds allocated as wages, will be paid separately by Defendants and will not be deducted from the Gross Settlement Amount;

(10) Any Settlement Class Members who do not opt out of the proposed Settlement shall be deemed to have released and discharged Defendants from any and all Released Claims; and

(11) The PAGA Employees are bound by the release of the PAGA Claims regardless of whether they cash or deposit their PAGA Employee Payment or opt out of being a Settlement Class Member.

The proposed Settlement satisfies all of the criteria for preliminary settlement approval under California law and falls within the range of reasonableness.

By this motion, Plaintiffs requests that the Court take the first step in the approval process – preliminary approval of the settlement. The process for approving a settlement, as set forth in Cal. Rules of Court, Rule 3.769, is as follows:

> Any party to a settlement agreement may serve and file a written notice of motion for preliminary approval of the settlement. The settlement agreement and proposed notice to class members must be filed with the motion, and the proposed order must be lodged with the motion.
>
> The court may make an order approving or denying certification of a provisional settlement class after the preliminary settlement hearing.

In determining whether preliminary approval is warranted, the issue before the Court is whether the settlement is within the range of what might be found to be fair, reasonable, and adequate, so that notice of the settlement should be given to class members, and a hearing scheduled to consider final settlement approval. The Court is not required at this point to make a final determination as to the fairness of the settlement.

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I. STATEMENT OF RELEVANT FACTS

A. Procedural History & Summary of Claims.

On March 20, 2023, prior to filing the civil complaint in this matter, Plaintiff Perez served Sahajanand and Akshar with a demand letter alleging that, among other things[3], they willfully and knowingly engaged in conduct that violated the California Labor Code and wage and hour regulations and asserted such claims on behalf of themselves and other similarly situated employees, who worked for Sahajanand and/or Akshar. The demand letter also included a request for Perez's personnel files, wage statements, and documents relating to Perez obtaining and retaining employment. In response, Sahajanand produced records on April 17, 2023, and Akshar produced records on May 1, 2023, and June 2, 2023.[4]

On March 22, 2023, Perez provided notice to the Labor & Workforce Development Agency ("LWDA") to comply with the statutory exhaustion requirements of Labor Code Section 2699.3, to preserve the ability to seek penalties pursuant to PAGA. On October 20, 2023, Perez provided a second notice to the LWDA specifically indicating violations caused by the individual defendants.[5] On October 26, 2023, Plaintiffs filed their original Complaint that included eight causes of action against Sahajanand and Akshar.[6] On January 24, 2024, more than 65 days after serving the second LWDA letter, Plaintiffs filed their FAC, alleging nine causes of action: (1) Failure to Compensate for All Hours Worked (Violation of Labor Code §§ 200, 204, 218.5, 218.6, 1194, 1194.2, 1197, and 1197.1); (2) Failure to Pay Overtime Wages (Violation of Labor Code §§ 218.5, 218.6, 510, 1194, and IWC Wage Order 5-2001); (3) Failure to Provide, Authorize, Permit, and/or Make Available Meal and Rest Periods (Violation of Labor Code §§ 226.7, 512, IWC Wage Order 5-2001); (4) Unpaid Wages and Waiting Time Penalties (Violation of Labor Code §§ 201-203, 204, 218.5, and

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[3] The demand letter also included allegations that Sahajanand and Akshar had subjected Perez to violations of the Fair Employment and Housing Act, including discrimination on the basis of disability, retaliation, as well as a wrongful termination claim. These claims have not been released in the parties' settlement agreement.

[4] Declaration of Virginia Villegas In Support of Plaintiffs' Unopposed Motion for Preliminary Approval of Class Action Settlement (hereafter "Villegas Decl.") at ¶ 7. At this point, Hernandez was not yet involved as a party to this matter.

[5] Villegas Decl. at ¶ 8.

[6] Villegas Decl. at ¶ 9.

218.6); (5) Failure to Provide Itemized Wage Statements (Violation of Labor Code § 226); (6) Failure to Maintain Accurate Time and Payroll Records (Violation of Labor Code §§ 1174, 1174.5, and IWC Wage Order 5-2001); (7) Individual liability for Labor Code Violations (Violation of Labor Code § 558.1); (8) Unfair Competition in Violation of California Business and Professions Code (Violation of Business and Professions Code §§ 90.5 and 17200 *et seq.*); and (9) Violation of the California Private Attorneys General Act of 2004 (Labor Code § 2698, *et seq.*)[7]

On April 1, 2024, Sahajanand and the individual defendants filed their Answer to Plaintiffs' FAC making a general denial and asserting 36 affirmative defenses, and on April 3, 2024, Akshar filed its Answer to Plaintiffs' FAC, making a general denial and asserting 47 affirmative defenses.[8]

B. Investigation, Informal Discovery, Direct Negotiations, And Settlement.

Plaintiffs propounded document requests and form interrogatories to Sahajanand and Akshar on March 8, 2024 and propounded document requests and form interrogatories to the individual defendants on April 4, 2024.[9] However, based upon the representations of Defendants' counsel that the financial condition of the corporate defendants and the individual defendants is distressed and the desire of both Plaintiffs and Defendants to conserve resources for a settlement on behalf of the class, Plaintiffs agreed that the parties would engage in direct settlement negotiations after Defendants provided informal discovery and financial documentation.[10] To that end, instead of providing formal responses to Plaintiffs' discovery requests, Defendants provided and Plaintiffs' counsel conducted an extensive review of relevant documents, including (1) class data (number of class members in the class period at each of the locations owned/operated by the Defendants, hire/termination date, number of pay periods worked by each class member, position title, and final rate of pay), (2) 768 pages of time and payroll data for the named Plaintiffs and 16 other employees; and (3) financial records of the corporate and individual defendants, including a declaration signed under penalty of perjury regarding the management and financial condition of the hotels by Sunil Khatri, profit and

[7] Villegas Decl. at ¶ 10.
[8] Villegas Decl. at ¶ 11.
[9] Villegas Decl. at ¶ 12.
[10] Villegas Decl. at ¶ 13.

loss reports for Sahajanand and Akshar, tax returns for 2021-2023 for Sahajanand and Akshar, and Hotel Statistics regarding performance and revenue statistics for 2024.[11] Plaintiffs' counsel also conducted independent research and investigations regarding the financial condition of the corporate and individual Defendants and found that the Defendants have a substantial amount of debt. Sahajanand has 9 UCC filings and Akshar has at least 3. With that information the parties entered into arms-length settlement negotiations.[12]

Counsel for Plaintiffs and Defendants had significant discussions about settlement, the information regarding the facts of the case, Defendants' financial condition, and the parties' respective positions on the applicable law. As result of those continued negotiations over several months via telephone and email, the parties were able to reach an agreement in principle on December 17, 2024. Subsequently, after several months of negotiating the principal terms of the settlement agreement, the parties signed a Memorandum of Understanding on May 9, 2025, and agreed to prepare a long form settlement agreement to resolve their disputes, which is embodied in the Joint Stipulation And Settlement Agreement that was ultimately executed by the parties on July 22, 2025.[13]

The investigation, informal discovery, and analysis of class data and financial information that Plaintiffs' counsel conducted allowed them to make a realistic assessment of the merits, risks of Defendants filing for bankruptcy considering Defendants' financial condition, and defenses of the Class claims and risks associated with the claims alleged. The terms of the Settlement are premised on objective evidence that has been weighed in light of the precarious financial condition of Defendants, the risks and expense of continued litigation.[14]

C. Damage Analysis & Reasonableness of Settlement.

As detailed above, Plaintiffs' counsel devoted a significant amount of time and resources towards investigation and informal discovery and performed an analysis of the time and payroll data,

[11] Villegas Decl. at ¶ 14.
[12] Villegas Decl. at ¶ 15.
[13] Villegas Decl. at ¶ 16.
[14] Villegas Decl. at ¶ 17.

and other records pertaining to the claims asserted by Plaintiffs as they pertain to them and approximately 200 other putative class members. The parties also engaged in thorough research and analysis of the applicable law, Defendants' financial condition, potential defenses, and carefully assessed the risks of costs of further litigation.[15]

Plaintiffs base their damages analysis on the review and audit of time and payroll records produced by Defendants pursuant to the parties' agreement for informal discovery. Defendants provided an anonymized class list with dates of employment/termination of each class member, number of pay periods worked by each class member during the class period, position title, and rates of pay. In addition, both the corporate defendants and the individual defendants provided documentation of their financial condition, including a declaration signed under penalty of perjury regarding the management and financial condition of the hotels by Sunil Khatri, profit and loss reports for Sahajanand and Akshar, tax returns for 2021-2023 for Sahajanand and Akshar, and Hotel Statistics regarding performance and revenue statistics for 2024, showing significant losses. Plaintiffs' counsel also conducted independent research regarding the financial condition of the corporate and individual Defendants and found that the Defendants have a substantial amount of debt. Sahajanand has 9 UCC filings and Akshar has at least 3.[16]

Plaintiffs' damages analysis specifically included calculations for: (1) backpay for previously earned, but unpaid minimum and overtime wages; (2) missed meal premiums; (3) premiums for missed rest periods; (4) penalties for non-compliant itemized wage statements for those employees employed within one year of the filing of the complaint; (5) waiting time penalties; (6) interest on unpaid wages and rest and meal premiums; (7) PAGA penalties.[17]

Plaintiffs' Counsel used the data provided by Defendants and information obtained from Plaintiffs, to calculate the average amount of unpaid hours per pay period. Based on the average number of unpaid hours, the unpaid wages owed (including resulting overtime) to Plaintiffs and the other class members were then projected using the number of pay periods each person worked

[15] Villegas Decl. at ¶ 18.
[16] Villegas Decl. at ¶ 19.
[17] Villegas Decl. at ¶ 20.

during the class period and multiplied by each class members' hourly rate as provided by Defendants in the class list.[18]

Based on the information obtained and analysis of the documents and the payroll data provided by Defendants, Plaintiffs' counsel found the following: Workers were paid every two weeks with a total of 26 pay periods per year. Comfort Inn employed 95 workers during the class period and Quality Inn employed 102 workers during the class period for a combined total of 197 workers. However, of those 197 workers, 29 worked at both locations, therefore there were 168 unique workers. Of the 168 workers, approximately 139, were former employees. Class members worked different number of pay periods during the class period and the number of pay periods they worked was calculated based on their dates of employment within the class period. For those who worked at both locations, the number of pay periods for each location were added together. Class members, including Plaintiffs, allege that they were routinely paid at the regular rate for overtime hours worked when they worked at both of Defendants' locations on the same day, or were issued a separate check for overtime hours worked at the regular rate. Class members, including Plaintiffs, also allege that they were not provided with rest periods, and that each employee that worked at least 6 hours in a day had 30 minutes regularly deducted as a meal period even though meal periods were not provided, resulting in unpaid minimum wages for the 30 minutes that were deducted. Based on that, Plaintiffs calculated an average of $53 per pay period of unpaid regular and overtime wages owed to each class member.[19]

Although Plaintiffs alleged that they were not able or permitted to take rest periods, Plaintiffs only calculated 8 missed rest periods per pay period at the reported hourly rate. Similarly, although Plaintiffs alleged that they were unable or not permitted to take meal periods, Plaintiffs calculated only 5 missed meal periods per pay period at the reported hourly rate.[20]

Plaintiffs alleged that Defendants regularly failed to compensate Plaintiffs and the Class for all hours worked, failed to pay premiums for missed or non-compliant meals and rest periods, and

[18] Villegas Decl. at ¶ 21.
[19] Villegas Decl. at ¶ 22.
[20] Villegas Decl. at ¶ 23.

accordingly failed to include all hours worked and wages paid on Plaintiffs' and the Class's itemized wage statements, resulting in Labor Code § 226 violations. These penalties were calculated for each pay period for those workers employed as of October 26, 2022 (one year back from the filing of the complaint). Based on the Class list, 66 Class Members are not eligible for 226 penalties because they were no longer employed as of October 26, 2022. Plaintiffs' counsel then calculated $50 for the initial violation and $100 for each subsequent violation. Where the total exceeded $4000, the penalties were limited to the maximum allowed.[21]

Plaintiffs alleged that Defendants regularly failed to compensate Plaintiffs and the Class for all hours worked and failed to pay premiums for missed or non-compliant meal and rest periods. Accordingly, all former employees are entitled to Labor Code § 203 penalties for failure to pay all wages due at the time of separation from employment. These penalties were conservatively calculated for 139 former employees (assuming they were owed any wages) at 6 hours per day and did not include overtime, for 30 days at Class Members' final rate of pay as provided by Defendants.[22]

Under Labor Code § 218.6, statutory interest at the rate specified in Civil Code § 3289 must be awarded "from the date that the wages were due and payable." The rate specified in § 3289 is 10 percent. Thus, interest on all unpaid wages at 10 percent per annum began accruing at the conclusion of each pay period during the Class Period (October 26, 2019, through September 30, 2024) in which Plaintiffs and the Class were denied regular and overtime wages. *See Bell v. Farmers Ins. Exchange* (2006) 135 Cal.App.4th 1138 (upholding § 3289's ten percent interest rate on claims for overtime pay). For meal and rest break premiums the applicable interest rate is 7 percent. *See Naranjo v. Spectrum Security Services* (2022) 13 Cal. 5th 93.

In evaluating the potential PAGA penalties, Plaintiffs calculated the number of pay periods each class member was employed as of October 20, 2022 (one year back from the date the PAGA letter was submitted to the LWDA) and calculated 1261 pay periods for the two locations

[21] Villegas Decl. at ¶ 24.
[22] Villegas Decl. at ¶ 25.

owned/operated by Defendants. This total assumed that the class members worked every pay period in the covered period and that each violation occurred each pay period. Accordingly, Plaintiffs calculated PAGA penalties for both locations as follows:[23]

- Labor Code § 226.3 penalties (failure to provide accurate wage statements pursuant to Labor Code § 226) – at the initial violation rate of $250 per pay period per aggrieved employee pursuant to Labor Code § 226.3, totaling approximately $315,250.
- Labor Code § 558 penalties (failure to pay minimum wages, OT, meal and rest premiums, and untimely payment of all wages in violation of Labor Code §§ 1194, 510, 1198, and 201-203) – at the initial violation rate of $50 per pay period pursuant to Labor Code § 558, totaling approximately $63,050.
- Labor Code §§ 512 and 226.7(a) (failure to provide compliant meal and rest periods) – at the initial violation rate of $100 per pay period, pursuant to Labor Code § 2699(f), totaling approximately $126,100.

Based on this analysis, Plaintiffs used the following combined "soaking wet" numbers for negotiations:[24]

1.	Unpaid minimum and overtime wages:	$131,254.50
2.	Unpaid meal premiums:	$309,058.50
3.	Unpaid rest premiums:	$386,322.75
4.	Itemized Wage Statement Penalties:	$94,425.00
5.	Waiting Time Penalties:	$411,975.00
6.	Interest on Unpaid Wages:	$13,125.00
7.	Interest on unpaid premiums:	$48,676.69
TOTAL:		**$1,398,837.44**
PAGA Penalties:		$398,550.00
COMBINED TOTAL:		**$1,793,387.44**

[23] Villegas Decl. at ¶ 26.
[24] Villegas Decl. at ¶ 27.

These figures assumed complete success on every claim and penalty claim, and that every claim would be certified. It also assumed that the Court would award the maximum penalties allowed.[25] Plaintiffs' damages analysis provided a starting point for negotiations. The final settlement amount takes into account the financial information provided by Defendants and independently obtained by Plaintiffs, showing significant financial distress and that Defendants were operating at a loss since at least 2020. Additionally Plaintiffs also took into account the information related to time and payroll provided by Defendants, arguments made by Defendants, substantial risks inherent in any wage-and-hour case, the likelihood that certain claims would not be certified, the adequacy of the named Plaintiffs, the likelihood that the Court would reduce the amount of any PAGA penalties awarded, as well as the specific defenses asserted by Defendants.[26]

As negotiations progressed, counsel began factoring in the risk associated with a case of this type involving unpaid regular and overtime wages, allegations of non-compliant meal and rest break claims that would rise or fall if a fact finder finds that the records maintained and produced by Defendants are to be relied upon even though Plaintiffs and class members allege they are inaccurate and unreliable.[27] Defendants also argued that there was no uniform policy or practice of failing to pay all wages owed or failing to provide meal and rest periods susceptible to resolution on a class-wide basis. Defendants further assert that there is no duty to record rest periods, so class members' failure to clock in or out for all rest periods does not prove any violations. If the unpaid wage claims and meal and rest violations failed, the resulting penalties and interest would also fail.[28]

Broadly, Defendants deny all of the claims, contentions, and each and every allegation made by Plaintiffs and deny that any alleged conduct was willful on their part. Defendants further contend that Plaintiffs are not proper class representatives and will not be able to certify or prevail on their claims. Defendants argue that this case is not suitable for class treatment and that they fully complied with their legal obligations with respect to the payment of wages, maintenance of accurate

[25] Villegas Decl. at ¶ 28.
[26] Villegas Decl. at ¶ 29.
[27] Villegas Decl. at ¶ 30.
[28] Villegas Decl. at ¶ 31.

time and payroll records, provision of meal and rest breaks and that they provided compliant itemized wage statements.[29]

Moreover, Defendants' precarious financial condition could result in Defendants not being able to pay any judgment even if Plaintiffs were successful in all their claims. As a result of this, counsel throughout the negotiations factored in the various risks to Plaintiffs and the putative class members and the numbers exchanged reflected these considerations.[30]

While Plaintiffs' counsel is confident that Plaintiffs would succeed on liability, continued litigation would be even more costly and more time-consuming than it already has been, with no guarantee of a successful outcome and the possibility of zero recovery due to Defendants' dire financial circumstances.[31]

If litigation were to proceed, Plaintiffs would be required to conduct formal discovery, move for class certification, establish class-wide liability, and then prove up various issues regarding damages. Such efforts would also require expending even more resources, would possibly necessitate expert witness testimony and significant additional litigation. As to the PAGA claims, the Court could exercise its discretion to reduce or eliminate PAGA penalties. By contrast, the Settlement herein ensures timely relief and recovery of some of the wages, premiums, and penalties Plaintiffs contend are owed to the Settlement Class.[32]

Based on Plaintiffs' counsel's experience as class action attorneys, the risks associated with these issues make class certification uncertain. Accordingly, throughout the negotiations, Plaintiffs and their counsel factored in the various risks to their claims and those of the putative class; and the numbers exchanged throughout the negotiations reflected these considerations. The final settlement amount takes into account the substantial risks inherent in any wage-and-hour class action, as well as the specific defenses asserted by Defendants, plus the high likelihood of not being able to collect any potential judgment.[33]

[29] Villegas Decl. at ¶ 32.
[30] Villegas Decl. at ¶ 33.
[31] Villegas Decl. at ¶ 34.
[32] Villegas Decl. at ¶ 35.
[33] Villegas Decl. at ¶ 36.

II. SUMMARY OF SETTLEMENT

Recognizing the critical opportunity to resolve the matter for the benefit of both the putative class and Defendants, the settlement negotiations were non-collusive, adversarial, and at arm's length, as required for appropriate class action settlements. Plaintiffs, the class, and its counsel, on the one hand, and Defendants and their counsel, on the other hand, agree that the settlement is fair and equitable to both sides given the circumstances.[34]

The proposed Settlement satisfies all of the criteria for preliminary settlement approval under California law and falls well within the range of reasonableness. The Net Settlement Amount of $72,500.00 derived from a Gross Settlement Amount of $150,000.00 is fair and just relief to all Settlement Class Members. According to Defendants' records, the Settlement covers approximately 200 Settlement Class Members (29 of which overlap in the two locations owned/operated by Defendants), including Plaintiffs.[35] Because the approximately 200 Settlement Class Members did not earn the same wage rate nor work the same number of workweeks during the covered period, the Net Settlement Amount will be divided based on their weeks worked. If the Net Settlement Amount were to be divided equally by the approximately 200 class members, each would receive approximately $362.50, less required payroll taxes. If the net settlement amount were to be divided equally by the 168 workers, (not counting the workers that worked at both locations twice), each class member would receive $525.36, less required payroll taxes.[36]

As noted above, the terms of the settlement are set forth in the Agreement, which is filed herewith and incorporated herein by reference.

III. THE TWO STEP APPROVAL PROCESS

Any settlement of class litigation must be reviewed and approved by the presiding court. Cal. Rules of Court, Rule 3.769 (a). Approval occurs in two steps: (1) An early (preliminary) review by the trial court; and (2) a subsequent (final) review after notice has been distributed to Class

[34] Villegas Decl. at ¶ 37.
[35] Villegas Decl. at ¶ 38.
[36] Villegas Decl. at ¶ 39.

Members for their comments and/or objections. Cal. Rules of Court, Rule 3.769 (c)-(f). The preliminary and final approval hearings coincide with these two required steps. The present motion seeks preliminary approval and the scheduling of a final approval hearing. The first step, preliminary approval, proceeds as follows:

When the parties to an action reach a monetary settlement, they will usually prepare and execute a joint stipulation of settlement, which is submitted to the court for preliminary approval. The stipulation should set forth the central terms of the agreement, including but not limited to, the amount of the settlement, form of payment, manner of determining the effective date of settlement and any recapture clause. Conte & Newberg, *Newberg on Class Actions*, (4th ed. 2002) §§ 11.24-11.26.

The parties have executed and hereby submit the Agreement, which sets forth all material terms. "Where the settlement terms are fair and reasonable, the settlement is presumptively valid, subject only to objections that may be raised at a final hearing." Conte & Newberg, *Newberg on Class Actions, supra,* § 11.26.

A. The Settlement Should Be Given Preliminary Approval Because It Is Fair, Adequate, and Reasonable Under the Circumstances.

Courts review class action settlements to ensure that their terms are fair, adequate, and reasonable. See, e.g., *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801. In analyzing whether a settlement is fair and reasonable, the court considers, among other factors: (1) "the risk, expense, complexity and likely duration of further litigation," (2) "the risk of maintaining class action status through trial," (3) "the amount offered in settlement," (4) "the extent of discovery completed and the stage of the proceedings," (5) "the experience and views of counsel," and (6) "the reaction of the class members to the proposed settlement." *Id*. The court must be provided with information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid represents a reasonable compromise. *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129. Fairness is presumed when investigation and discovery are sufficient to allow counsel and the court to act intelligently; the settlement is reached through arm's-length bargaining; counsel is experienced in similar litigation; and the percentage of objectors is small. *Dunk, supra,* 48 Cal.App.4th at 1802.

Moreover, California courts favor settlement. *Skulnick v. Roberts Express, Inc.* (1992) 2 Cal.App.4th 884, 891. Courts have broad powers to determine whether a proposed settlement is fair under the circumstances of the case. *Mallick v. Super. Ct. (County of Marin)* (1979) 89 Cal.App.3d 434, 438. In reviewing the fairness of a class action settlement, due regard should be given to what is "otherwise a private consensual agreement between the parties. The inquiry 'must be limited 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.'" *Cellphone Termination Fee Cases* (2010) 186 Cal.App.4th 1380, 1389 (citation omitted.).

1. <u>Significant Investigation and Informal Discovery Was Conducted.</u>

Plaintiffs' counsel devoted a significant amount of time and resources towards investigation and discovery into the facts and allegations of this Action. Plaintiffs' counsel reviewed and analyzed time and pay records, including hundreds of pages of time entries and payroll data reports, and check stubs for class members and Plaintiffs. Plaintiffs' counsel also spent substantial amount of time in reviewing the financial records of the corporate and individual defendants, including a declaration signed under penalty of perjury regarding the management and financial condition of the hotels by Sunil Khatri, profit and loss reports for Sahajanand and Akshar, tax returns for 2021-2023 for Sahajanand and Akshar, and Hotel Statistics regarding performance and revenue statistics for 2024. Plaintiffs' counsel also conducted independent research regarding the financial condition of the corporate and individual Defendants and found that the Defendants have a substantial amount of debt. Sahajanand has 9 UCC filings and 3 for Akshar. Plaintiffs' counsel also spent a significant amount of time researching the law and facts. [37] In light of the analysis of the information learned during this process, Plaintiffs' counsel is of the opinion that this Settlement is fair, reasonable, and adequate, and

[37] Villegas Decl. at ¶ 18.

in the best interest of the Class given the circumstances.[38]

2. The Settlement Was Reached Through Arm's-Length Bargaining in Which Both Parties Were Represented by Experienced Counsel

"[W]hat transpires in settlement negotiations is highly relevant to the assessment of a proposed settlement's fairness." *State v. Levi Strauss & Co.* (1986) 41 Cal.3d 460, 482. Courts presume the absence of fraud or collusion in the negotiation of a settlement, unless evidence to the contrary is offered; thus, there is a presumption that settlement negotiations are conducted in good faith. *Newberg on Class Actions, supra,* § 11.51.

As discussed in detail above, the parties had significant discussions about settlement, and Plaintiffs' and Defendants' counsel engaged in extensive discussions and negotiations following the mediations, including the exchange of sufficient information for the parties to assess the strengths and weaknesses of the case and conduct damage assessments, including the consideration of Defendants' precarious financial condition. Over the course of several months, the parties engaged in verbal and electronic negotiations. After substantial negotiations, exchange of information, and damage assessments, the parties through counsel agreed to the primary terms of settlement on December 17, 2024. An MOU was fully executed by the parties on May 9, 2025, and the long form settlement agreement encompassed in a Joint Stipulation of Settlement Agreement of Class Action and PAGA Claims was fully executed on July 22, 2025.

3. The Proposed Settlement Is Reasonable Given the Strengths and Weaknesses of Plaintiffs' Claims, Defendants' Defenses and the Risks and Expense of Continued Litigation Given Defendants' Precarious Financial Condition.

A trial court should satisfy itself that the consideration being received for the release of Class Members' claims is reasonable in light of the strengths and weaknesses of the claims and the risks of the particular litigation. *Kullar, supra,* 168 Cal.App.4th 116, 129. The proposed Settlement in this case satisfies that standard. *See Clark v. American Residential Services LLC,* (2009) 175 Cal.App.4th 785, 799, 803 ("the trial court is obliged, at a minimum, to determine whether a

[38] Villegas Decl. at ¶ 41.

legitimate controversy exists on a legal point, if that legal point significantly affects the valuation of the case for settlement purposes.”).

A settlement is not judged against what might have been recovered had a plaintiff prevailed at trial, nor does the settlement have to provide 100% of the damages sought to be fair and reasonable. *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 250. Indeed, “[c]ompromise is inherent and necessary in the settlement process. . . even if the relief afforded by the proposed settlement is substantially narrower than it would be if the suits were to be successfully litigated, this is no bar to a class settlement because the public interest may indeed be served by a voluntary settlement in which each side gives ground in the interest of avoiding litigation.” *Id.* Settlement agreements are to be realistically assessed; “[t]he fact that the plaintiff might have received more if the case had been fully litigated is no reason not to approve the settlement.” *Priddy v. Edelman* (1989) 883 F.2d 438, 447. Rather, the court is to evaluate the settlement to determine if the settlement is “within the ‘ballpark’ of reasonableness.” *Kullar, supra,* 168 Cal.App.4th at 133.

Plaintiffs’ class action complaint alleges multiple wage-and-hour claims for the Class. In particular, Plaintiffs allege that through common policies and practices, Defendants deprived Plaintiffs and the class of regular and overtime wages, failed to provide meal and rest periods, failed to maintain accurate time and payroll records, failed to provide accurate itemized wage statements, and failed to pay all wages due to class members upon termination or resignation as required by the Labor Code by failing to pay all wages due by paying the regular rate for overtime hours and/or issuing separate checks when Plaintiffs and the class worked at more than one location in a workday or pay period in order to avoid paying overtime wages, and automatically deducting 30 minutes for employees who worked at least 6 hours for a lunch that was not actually taken. Plaintiffs further contend that to complete their job duties, workers were also unable to take compliant rest breaks and meal periods because they were pressured to complete their duties within a preset number of hours and/or encouraged to skip meal and rest periods to fulfill their duties within the hours allocated. Defendants, in turn, deny all of these claims and that they are appropriate for class certification.

As further discussed above, the reasonableness of the Settlement is further underscored by the legitimate legal and factual arguments Defendants have made against Plaintiffs' claims, which could either substantially reduce or eliminate recovery to the Class. While Class Counsel is confident that Plaintiffs would succeed on liability, continued litigation would be costly, time-consuming, with no guarantee of the outcome and any recovery of any potential judgment being very risky.

If litigation were to proceed, Plaintiffs would be required to conduct further discovery, move for class certification, establish class-wide liability, and then prove up various issues regarding damages. Such efforts would also require expending even more resources, would necessitate expert witness testimony and significant additional litigation. As to the PAGA claims, the Court could exercise its discretion to reduce or eliminate PAGA penalties. By contrast, the Settlement herein ensures timely relief and recovery of at least some of the wages, premiums, and penalties Plaintiffs contend are owed to the Settlement Class.

(a) The Risk, Expense and Complexity of Class Certification Also Favors Settlement

In order to prevail on a motion for class certification, Plaintiffs must "demonstrate the existence of an ascertainable and sufficiently numerous class, a well-defined community of interest, and substantial benefits from certification that render proceeding as a class superior to the alternatives." *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004, 1021. To meet this burden, Plaintiffs must demonstrate all of the following: "(1) predominant common questions of law or fact; (2) class representatives with claims or defenses typical of the class; and (3) class representatives who can adequately represent the class." *Id.* With regard to the predominance of common questions:

[The Court] must determine whether the elements necessary to establish liability are susceptible of common proof or, if not, whether there are ways to manage effectively proof of any elements that may require individualized evidence. *Id.* at 1024 (emphasis added).

In addressing this question, the Court focuses their discussion on not only the existence of common issues, but on how to handle individual ones.

A court must examine the allegations of the complaint and supporting declarations ... and consider whether the legal and factual issues they present are such that their resolution in a single class proceeding would be both desirable and feasible. [Footnote] As one commentator has put it, 'what really matters to class certification' is 'not similarity at some unspecified level of generality but, rather, dissimilarity that has the capacity to undercut the prospects for joint resolution of class members' claims through a unified proceeding.' *Id.* at 1022 & fn. 5.

Stated differently, "[w]hat matters to class certification . . . is not the raising of common 'questions' – even in droves – but, rather the capacity of the class-wide proceeding to generate common answers apt to drive the resolution of the litigation." *Wal-Mart v. Dukes* (2011) 564 U.S. 338, 350. Moreover, "[c]lass certification is appropriate only if these individual questions can be managed with an appropriate trial plan." *Duran v. U.S. Bank Nat'l Assn* (2014) 59 Cal.4th 1, 27.

Here, Plaintiffs recognize the risk of prevailing on class certification or establishing a trial plan to show common liability. Considering Defendants' arguments, Plaintiffs recognize there is a risk that class certification may not be granted outside the settlement context. Further, Plaintiffs claims are dependent on a trier of fact accepting Plaintiffs' position that Defendants' records are unreliable and should not be considered. Moreover, there's a risk that Plaintiffs' claims are not similar to class members, especially if not all class members worked at both of Defendants' locations and therefore may not have incurred overtime wages.[39]

In light of the facts uncovered, the risks posed by Defendants' defenses, and the risks as to class certification, the parties have concluded that this action should be settled to avoid the expense and risk of further legal proceedings. Given all of these risks, and assessing the reasonable settlement value of the claims, the Settlement of $150,000.00 is fair, reasonable, adequate, and in the best interest of the Class Members given the circumstances.[40]

[39] Villegas Decl. at ¶ 37.
[40] Villegas Decl. at ¶ 38.

IV. CONDITIONAL CLASS CERTIFICATION IS APPROPRIATE

As part of their negotiations, the parties have stipulated to class certification only for the purposes of settlement. Should the Settlement not become final and effective as provided in the Agreement, class certification shall immediately be set aside. Agreement ¶¶ 68-69, 75.

California has a very strong public policy favoring the use of class actions to resolve claims asserting wage violations under its labor laws. As the California Supreme Court has explained:

> [C]lass actions play an important function in enforcing overtime laws by permitting employees who are subject to the same unlawful payment practices a relatively inexpensive way to resolve their disputes. . . . By establishing a technique whereby the claims of many individuals can be resolved at the same time, the class suit both eliminates the possibility of repetitious litigation and provides small claimants with a method of obtaining redress for claims which would otherwise be too small to warrant individual litigation.

Gentry v. Super. Ct. (2007) 42 Cal.4th 443, 459 (internal quotation marks omitted), overruled on other grounds by *AT&T Mobility LLC v Concepcion* (2011) 563 U.S. 333.

A. Standard for Pre-Certification Settlements.

"[P]re-certification settlements are routinely approved if found to be fair and reasonable." *Wershba v. Apple Computer, Inc*. (2001) 91 Cal.App.4th 224, 240; *Dunk v. Ford Motor Co*. (1996) 48 Cal.App.4th 1794, 1803 (although the settlement was reached before any "adversary certification," the court was satisfied that it was "fair, adequate and reasonable.") The standard for class certification in the settlement context is a significantly lower threshold than in a contested proceeding or a trial context:

> "The two basic purposes for the Rule 23 certification requirements, as they relate to questions of a nationwide class are: (1) to keep the lawsuit manageable for trial; and (2) to protect the interests of the nonrepresentative members. The first purpose is inapposite in the settlement context, and the second, as it relates to commonality of issues, only makes a difference if the nonrepresentative class members would do much better by litigating on their own or in their own jurisdiction. The second category concerns are protected by the trial court's fairness review of the settlement."

Dunk, supra, 48 Cal.App.4th at p. 1807 fn. 19. In other words, because no trial is anticipated in the settlement context, any case management issues inherent in determining if the class should be certified need not be confronted. *Amchem Prods., Inc. v. Windsor* (1987) 521 U.S. 591, 620.

The very liberal standard expressed in *Dunk* is satisfied here. The requirements for class certification in the settlement context - ascertainability, numerosity, predominance of common questions of law and fact, typicality, and adequacy - are all met. It certainly cannot be said that the class members would do "much better by litigating on their own". *Dunk*, *supra*, 48 Cal.App.4th at p. 1807, fn. 19. The Settlement Class should therefore be conditionally certified as requested.

B. The Requirements for Class Certification in Settlement Context Are Satisfied

1. Ascertainability and Numerosity

The proposed Settlement Class is ascertainable and sufficiently numerous. A "class is ascertainable if it identifies a group of unnamed plaintiffs by describing a set of common characteristics sufficient to allow a member of that group to identify himself or herself as having a right to recover based on the description." *Bartold v. Glendale Fed. Bank* (2000) 81 Cal.App.4th 816, 828. The class definition, the size of the class and the means for identifying the members of the class determine whether the class is ascertainable. *Reyes v. Bd. Of Supervisors* (1987) 196 Cal.App.3d 1263, 1274.

In this case, the members of the proposed Settlement Class are identifiable from Defendants' own records and in fact, Defendants have already provided an anonymized class list. The Settlement Class members are also sufficiently numerous to justify class certification. Defendants have preliminarily identified approximately 200 employees comprising the Settlement Class.

2. Predominance of Common Questions of Law and Fact.

The interrelated commonality and predominance requirements are satisfied if common issues predominate. At its heart, this is a procedural inquiry asking "whether... the issues which may be jointly tried, when compared with those requiring separate adjudication, are so numerous or substantial that the maintenance of a class action would be advantageous to the judicial process and to the litigants." *Sav-On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th 319, 326 (citing *Collins v. Rocha* (1972) 7 Cal.3d 232, 238). Further, in the lower threshold of the settlement context, "commonality of issues only makes a difference if the nonrepresentative class members would do much better by litigating on their own." *Dunk*, *supra*, 48 Cal.App.4th at p. 1807 fn. 19.

The Settlement Class Members' claims here all stem from a common set of circumstances and occurrences. Thus, there are numerous common questions of law and fact relevant to the adjudication of the Class Members' claims, including, among others, whether Defendants had a policy or practice of: (1) denying Plaintiffs and the Class bona fide off-duty meal and rest periods to which they are entitled, or paying premiums in lieu thereof at the regular rate, in violation of Labor Code §§ 226.7 and 512; (2) failing to pay Plaintiffs and the Class minimum wages, full compensation for regular and overtime hours they worked in violation of Labor Code §§ 200; 218.5, 218.6, 510 and 1194; (3) failing to maintain accurate and complete records in violation of Labor Code § 1174; (4) failing to provide compliant itemized wage statements in violation of Labor Code § 226; and (5) failing to pay all wages during employment and due at the time of separation in violation of Labor Code §§ 201-203, 218.5 and 218.6.

The absence of any known competing claims by the Settlement Class members (on an individual or class basis), and the complex common questions of facts and law in this case, strongly suggest that Settlement Class Members could not do substantially better than this Settlement by litigating individually. The commonality and predominance requirements for certification, particularly in the less intensive context of a Settlement Class, are therefore satisfied.

3. Typicality.

Typicality means merely that the class representative is similarly situated to the members of the class, not that his claims are identical. *Classen v. Weller* (1983) 145 Cal.App.3d 27, 44-46. It suffices if the class representative's claims arise from the same event or course of conduct that gives rise to the class claims and are premised upon the same legal theories. *Id*.

In this case, Plaintiffs claims are typical of the members of the Plaintiff Class. Plaintiffs, like other members of the Class working for Defendants, were subjected to Defendants' policies and/or practices. Plaintiffs' job duties were typical of those of other Class members.

4. Adequacy.

"Adequacy of representation depends on whether the plaintiff's attorney is qualified to conduct the proposed litigation and the plaintiff's interests are not antagonistic to the interests of the class." *McGee v. Bank of Am.* (1976) 60 Cal.App.3d 442, 450. Plaintiffs' counsel are experienced class action litigators, with particular experience in litigating similar wage and hour class cases.[41] The proposed class representatives, Rosario Perez Hernandez and Vanessa Hernandez have at all times been willing and able to aggressively and competently assert the interests of the Settlement Class members.[42] Adequacy of representation exists here.

V. SERVICE AWARD AND ATTORNEYS' FEES AND COSTS

As part of the Settlement, Plaintiffs will seek a class representative service award of $5,000.00 each in addition to their share of the Net Settlement Fund. Class Counsel will seek fees in an amount up to $50,000 (33.3%) of the Gross Settlement Amount and reimbursement of litigation costs not to exceed $10,000.00. Class Counsel will file a motion for approval of the service award to plaintiffs, attorneys' fees, and expenses with supporting documentation and briefing prior to the hearing on the motion for final approval pursuant to the CCP.

Courts routinely approve service awards to compensate named plaintiffs for the services they provide and the risks they incur during class action litigation. *See In re Cellphone Fee Termination Cases* (2010) 186 Cal.App.4th 1380, 1393-94; see also *Bell v. Farmers Ins. Exch.* (2004) 115 Cal.App.4th 715, 726 (upholding "service payments" to named plaintiffs for efforts in bringing the case); Ann. Manual Complex Lit. (4th ed. 2019) § 21.62, fn. 971. The service award sought here is well within the range of awards approved in wage-and-hour class actions.[43]

The "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)

[41] Villegas Decl. at. ¶¶ 3-6.
[42] Villegas Decl. at ¶ 42.
[43] *See, e.g., Glass v. UBS Fin. Servs., Inc.* (N.D. Cal. Jan. 26, 2007, No. C-06-4068) 2007 WL 221862, at *16-17, *aff'd* (2008) 331 F. App'x 452 (approving $25,000 to each named plaintiff); *Van Vranken v. Atlantic Richfield Co.* (N.D. Cal. 1995) 901 F.Supp. 294, 299-300 (awarding $50,000 to lead plaintiff).

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." *In re Cellphone Fee Termination Cases, supra*, 186 Cal.App.4th at pp. 1394-95; see also *Staton v. Boeing Co.* (2003) 327 F.3d 938, 977 (courts generally consider "the actions the plaintiff has taken to protect the interests of the class, the degree to which the class has benefitted from those actions, . . . the amount of time and effort the plaintiff expended in pursuing the litigation . . . and reasonable fears of workplace retaliation"). All of these factors support the service award requested here.

Plaintiffs were formerly employed by Defendants. Plaintiffs have taken an extraordinary step to challenge their former employer's actions by bringing this action. Plaintiffs have thus carried all the burdens of litigating it while others were reluctant or unwilling to come forward to assist them in pursuing their claims. Plaintiffs did so in the belief that they, and the members of the Class, were, in fact, entitled to the relief sought in this case. Plaintiffs' actions have resulted in a substantial recovery for the members of the Class,[44] and the service award they seek is reasonable.[45]

Plaintiffs fully participated in the analysis and planning of this action throughout the pendency of the litigation.[46] They were closely engaged in the nature and extent of settlement discussions, and thoughtfully approved multiple rounds of negotiations and the ultimate settlement with Defendants.[47] Throughout this litigation, Plaintiffs worked with their counsel regarding the claims against Defendants, produced information and documents relevant to the action, provided lengthy responses to inquiries and questions.[48] They were committed to staying involved by requesting periodic updates and status reports.[49]

Moreover, courts widely recognize that service awards are particularly appropriate in wage-and-hour actions because plaintiffs undertake a significant "reputational risk" by bringing suit

[44] If the Net Settlement Amount were to be divided equally by the approximately 200 class members, each would receive approximately $362.50, less required payroll taxes. Villegas Decl. at ¶ 39.
[45] Villegas Decl. at ¶ 43.
[46] Villegas Decl. at ¶ 44.
[47] Villegas Decl. at ¶ 45.
[48] Villegas Decl. at ¶ 46.
[49] Villegas Decl. at ¶ 47.

against their employers and serving as the face of a class action on behalf of anonymous absent class members. See, e.g., *Rodriguez v. W. Publ'g Corp.* (2009) 563 F.3d 948, 958-59; *Staton, supra*, 327 F.3d at p. 977. Employees who sue their employers are particularly vulnerable to retaliation. Given the ease with which prospective employers can run a background check, including a simple internet search for court records, filing a lawsuit against an employer can negatively impact future employment opportunities. Plaintiffs in employment actions can be blacklisted by prospective future employers who perceive them as "trouble makers." For these reasons, many employees are understandably unwilling to risk jeopardizing their future employment by complaining about their employer's unlawful practices, much less by filing a class or representative lawsuit against their employer on behalf of their fellow employees.[50]

Plaintiffs' willingness to sacrifice and set aside their own personal interests for the benefit of all aggrieved employees should be rewarded, both as just compensation for their efforts and achievements in this case, and to encourage others to stand up and object to employment practices they believe to be unlawful. See, e.g., *In re High-Tech Emp. Antitrust Litig.* (N.D. Cal. Sept. 2, 2015, No. 11-CV-02509) 2015 WL 5158730, at *17 (granting service awards based in part on the named plaintiffs' risk of future workplace retaliation and diminished future employment prospects for being labeled "troublemakers" in their industry); *Connolly v. Weight Watchers N. Am. Inc.* (N.D. Cal. July 21, 2014, No. 14-CV-01983) 2014 WL 3611143, at *4 (named plaintiffs assume "the risk of being stigmatized or disfavored by their current or potential future employers by suing their employer"); *Ross v. U.S. Bank Nat'l Ass'n* (N.D. Cal. Sept. 29, 2010, No. C07-02951) 2010 WL 3833922, at *2 (service awards based on "willingness to serve as representatives despite the potential stigma that might attach to them in the . . . industry from taking on those roles").

In determining the reasonableness of a requested service award, courts often consider "the number of named plaintiffs receiving incentive payments, the proportion of the payments relative to the settlement amount, and the size of each payment." *Staton,* 327 F.3d at p. 977; see also *Alberto v. GMRI, Inc.* (2008) 252 F.R.D. 652, 669. Here, the $5,000.00 requested service award for each

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[50] Villegas Decl. at ¶ 48.

named plaintiff is reasonable compared to the total value of the settlement. Indeed, the total amount of the requested service awards is less than .04% of the total monetary settlement. Many courts have approved comparable service payments in wage-and-hour class actions, in recognition of the costs and risks that named plaintiffs incur. See *supra* fn. 7.

Furthermore, this suit is precisely the type of litigation that supports and promotes the public policies that prohibit employers from denying employees their basic rights to overtime and breaks provided by the Labor Code. Payment of the service award advances the public policies underlying the statutory schemes upon which Plaintiffs' claims are based by promoting the enforcement of such workers' rights legislation. See *Does I thru XXIII v. Advanced Textile Corp*. (2000) 214 F.3d 1058, 1073 ("fear of employer reprisals will frequently chill employees' willingness to challenge employers' violations of their rights"); *Mitchell v. Robert DeMario Jewelry, Inc*. (1960) 361 U.S. 288, 292 ("[I]t needs no argument to show that fear of economic retaliation might often operate to induce aggrieved employees quietly to accept substandard conditions.").

In sum, not only the time spent and the service rendered to counsel and the Class, but also the risks of stigma and future retaliation, delay in payout, and decision to forego potentially larger recovery through their individual claims provide ample justification for the service awards sought. As such, the requested amount is both reasonable and appropriate.

VI. CONCLUSION

Based upon the foregoing, the parties respectfully request this Court to issue an Order that includes the provisions in the contemporaneously filed [Proposed] Order:

1. Granting preliminary approval of the parties' non-reversionary $150,000.00 class action Agreement which is attached as **Exhibit 1** to the Villegas Declaration;
2. Approving the allocation of the Gross Settlement Fund to the Settlement Class Members, the Class Representatives, Class Counsel, and the LWDA;
3. Approving the separate payment of the Claim Administrator by Defendants;
4. Approving the forms of the Notice Materials (attached as **Exhibit A** to the

Agreement) and ordering that the Class be given notice of the Settlement and provided with the Notice Materials;

5. Appointing ILYM Group as the Settlement Administrator;
6. Conditionally certifying the proposed Class for settlement purposes only;
7. Appointing Plaintiffs as Class Representatives;
8. Appointing Virginia Villegas, The Villegas Law Firm, APC, as Class Counsel;
9. Ordering the parties to perform their obligations under the Agreement;
10. Scheduling a final approval hearing for a date 120 days after Preliminary Approval is granted, or such later date as is available for the Court; and
11. Granting any such other and further relief as the Court deems just and proper.

DATED: July 23, 2025

THE VILLEGAS LAW FIRM, APC

By: ______________________
Virginia Villegas
Attorneys for Plaintiffs