

JAMES HAWKINS APLC
James R. Hawkins, Esq. (#192925)
Gregory Mauro, Esq. (#222239)
Michael Calvo, Esq. (#314986)
Lauren Falk, Esq. (#316893)
Ava Issary, Esq. (#342252)
9880 Research Drive, Suite 200
Irvine, CA 92618
Tel.: (949) 387-7200
Fax: (949) 387-6676
Email: James@jameshawkinsaplc.com
Email: Greg@jameshawkinsaplc.com
Email: Michael@jameshawkinsaplc.com
Email: Lauren@jameshawkinsaplc.com
Email: Ava@jameshawkinsaplc.com

Attorneys for Plaintiff CARLOS DELGADO,
On behalf of the general public as private attorney general

Additional Counsel Listed On Next Page

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

CARLOS DELGADO, on behalf of the
general public as private attorney general,

Plaintiff,

v.

INCLUSION SERVICE, LLC., a
California Limited Liability Company and
DOES 1-50, inclusive,

Defendant.

Case No.: 23STCV31557

Assigned to the Hon. Michael Small, Dept. 57

**STIPULATION AND [PROPOSED] ORDER
APPROVING SETTLEMENT OF PRIVATE
ATTORNEYS GENERAL ACT CLAIMS,
DISMISSING ACTION WITH PREJUDICE,
AND ENTERING JUDGMENT THEREON**

1 Monica H. Bullock (SBN 211314)
2 Monica.Bullock@jacksonlewis.com

3 **JACKSON LEWIS P.C.**

4 3390 University Avenue, Suite 110

5 Riverside, California 92501

6 Telephone: (951) 848-7940

7 Robert D. Vogel (SBN 63091)

8 Robert.Vogel@jacksonlewis.com

9 **JACKSON LEWIS P.C.**

10 725 S. Figueroa Street, Suite 2500

11 Los Angeles, California 90017

12 Telephone: (213) 689-0404

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14 Attorneys for Defendant INCLUSION SERVICES, LLC
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STIPULATION

IT IS HEREBY STIPULATED BY AND BETWEEN THE PARTIES AS FOLLOWS:

1. Plaintiff CARLOS DELGADO (“Plaintiff”) and Defendant INCLUSION SERVICES, LLC (“Defendant”) (collectively the “Parties”), through their respective undersigned counsel, hereby submit the following Joint Stipulation and Order Approving Settlement of Private Attorneys General Act Claims.

2. On November 1, 2023 Plaintiff transmitted a letter to the California Labor & Workforce Development Agency (“LWDA”) and Defendant in compliance with the exhaustion requirements of the California Labor Code Private Attorneys General Act (“PAGA”), articulating claims related to the failure to (a) failure to pay minimum and overtime wages, (b) failure to provide meal periods, (c) failure to provide rest periods, (d) failure to pay all wages earned and owed upon separation from Defendant’s employ, (e) failure to pay wages timely during employment, (f) failure to provide accurate itemized wage statements, and (g) failure to reimburse necessary business expenses. *See* Declaration of James Hawkins (“Hawkins Decl.”) at ¶ 3, Exh. B.

3. On December 27, 2023, Plaintiff filed a Representative Action Complaint in the Superior Court of the State of California for the County of Los Angeles, entitled *Carlos Delgado v. Inclusion Services, LLC*, case number 23STCV31557. Plaintiff filed her Complaint on behalf of the State of California and other aggrieved employees as a PAGA action based on violations of Labor Code 201-204, 226, 510, 512, 558, 226.7, 1174, 1174.5, 1175, 1194, 1197, 1197.1, 1198, 2802, and 2698. Hawkins Decl. at ¶ 4.

4. Defendant disputes and denies the allegations and claims asserted in this action. Hawkins Decl. at ¶ 9.

5. During the course of the litigation, Plaintiff engaged in an informal discovery and fully shared the information necessary for all sides to conduct a legitimate investigation into the allegations of the action and potential defenses thereto. The Parties have reached this settlement only after discovery and investigation was performed. Hawkins Decl. at ¶ 5.

1 6. On January 3, 2024, the Parties participated in a day-long mediation with the mediator Steve
2 Serratore, Esq., a well-respected wage and hour class action and PAGA action mediator. In
3 preparation for the mediation, Plaintiff's counsel requested and Defendant's counsel provided
4 sample time and payroll data for the purported Aggrieved Employees, personnel and employment
5 documents. With Mr. Serratore's assistance, the Parties agreed to fully and finally resolve the
6 Action and the PAGA Released Claims as to Plaintiff, the State of California, the LWDA and the
7 Aggrieved Employees. Hawkins Decl. at ¶ 6.

8 7. Being fully apprised of the value and strength of Plaintiff's claims, counsel for Plaintiff and
9 Defendant successfully negotiated a settlement of Plaintiff's claims asserted in the action through
10 arm's-length negotiations. The terms and conditions of the settlement are set forth in the PAGA
11 Settlement Agreement and Notice to Alleged Aggrieved Employees ("Settlement" or "Settlement
12 Agreement"). Hawkins Decl. at ¶ 2, Exhibit A. The Settlement Agreement resolves all claims
13 asserted in the Complaints and contemplates that both Complaints will be dismissed with prejudice
14 in exchange for the consideration set out in the Settlement Agreement.

15 8. Counsel for Plaintiff and Defendant also considered the fact that the existence of numerous
16 disputes of fact in this case make the outcome uncertain. In the estimation of counsel for the Parties,
17 the delay, inconvenience, distraction, and uncertainty imposed by the litigation demands would far
18 outweigh the potential benefits of additional litigation. Hawkins Decl. at ¶ 9,

19 9. Based on the information and documents obtained through both formal and informal
20 discovery, Plaintiff assessed the maximum value of the limited PAGA claims to be released by the
21 settlement to be approximately \$1,280,000 (at the rate of a \$200.00 penalty for approximately 6,400
22 pay periods at issue for approximately 300 Aggrieved Employees). Hawkins Decl. at ¶ 10.

23 10. Plaintiff's Counsel also took into account that even if Plaintiff prevailed on the merits of
24 the PAGA claim, Defendant could persuasively argue that the Court should exercise its discretion,
25 under Labor Code § 2699(e), to reduce the amount of civil penalties assessed. A court in a PAGA
26 action has the same discretion "to assess a civil penalty" that the Labor Commissioner would have,
27 as well as complete discretion to "award a lesser amount than the maximum civil penalty amount
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1 specified [by PAGA] if, based on the facts and circumstances of the particular case, to do otherwise
2 would result in an award that is unjust, arbitrary and oppressive, or confiscatory.” And indeed, it
3 is common for courts to reduce the penalties. *See e.g., Ghrdilyan v. RJ Financial, et al.*, Los
4 Angeles Superior Court, Case No. BC430633 (94% reduction); *Parr v. Golden State Overnight*
5 *Delivery Service, Inc.*, Alameda County Superior Court, Case No. RG12-618103 (94% reduction);
6 *Fleming v. Covidien, Inc.*, 2011 U.S. Dist. LEXIS 154590 (C.D. Cal. Aug. 12, 2011) (82%
7 reduction); *Gola v. University of San Francisco*, Case No. CGC-18-565018 (Sup. Ct. Decision
8 dates July21, 2020) (85% reduction of PAGA penalties).

9 11. As set forth in the Settlement Agreement, the amount of the Settlement Sum is \$535,000.00
10 or approximately 41% of the maximum recoverable penalties, and includes an apportionment of
11 attorneys’ fees and costs, payment to the settlement administrator, and a general release
12 payment/enhancement award to Plaintiff. Hawkins Decl. at ¶ 27.

13 12. Based on Plaintiff’s counsel extensive experience litigating over 200 representative actions,
14 counsel for Plaintiff believes the settlement here is fair and reasonable and warrants approval by
15 the Court. Hawkins Decl. at ¶¶ 30-33;

16 13. The parties agree that upon entry of the Order approving this settlement, Plaintiff and all
17 Aggrieved Employees, as defined in the Settlement Agreement will be forever barred from pursuing
18 against Defendant, and any of the Released Parties, as defined in the Settlement Agreement, all
19 claims for PAGA civil penalties that were alleged in the Complaint, (a) failure to pay minimum
20 and overtime wages, (b) failure to provide meal periods, (c) failure to provide rest periods, (d)
21 failure to pay all wages earned and owed upon separation from Defendant’s employ, (e) failure to
22 pay wages timely during employment, (f) failure to provide accurate itemized wage statements, and
23 (g) failure to reimburse necessary business expenses. ("Released Claims") from September 23,
24 2022 through the earlier date of either PAGA approval or ninety (90) days after the execution of
25 the Settlement Agreement¹ (“PAGA Period”). (Settlement Agreement § 1.11)

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28 ¹ The Settlement Agreement was executed on February 5, 2024.

1 14. The Parties agree that this stipulation should be sufficient for purposes of approving the
2 PAGA Settlement of the Complaints as set out in the Settlement Agreement pursuant to the
3 requirements set out in Labor Code section 2699(1)(2).

4 15. The Parties request that the Court enter the accompanying order, approving the Settlement
5 (attached to the Hawkins Declaration as Exhibit "A") as permitted by Labor Code § 2699(1), and
6 entering Judgment in accordance with the terms and conditions of the Settlement Agreement.

7 **IT IS SO STIPULATED.**

8 Dated: March 4, 2024

JAMES HAWKINS APLC

9
10 By: 
11 JAMES R. HAWKINS

12 Dated: March 4, 2024

JACKSON LEWIS P.C.

13 By: 
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15 ROBERT D. VOGEL
16 MONICA H. BULLOCK
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ORDER

The Court, having reviewed the Parties' the PAGA Settlement Agreement and Notice To Alleged Aggrieved Employees (the "Settlement" or "Settlement Agreement") attached as Exhibit "A" to the concurrently-filed Declaration of James Hawkins, together with the Stipulation of the Parties and the Declaration of James Hawkins and exhibits attached thereto, hereby ORDERS AS FOLLOWS:

Plaintiff's Complaint seeks civil penalties on behalf of the State of California and similarly situated aggrieved employees (the "Aggrieved Employees"), as authorized by PAGA under Labor Code § 2699, in relation to alleged violations of the predicate statutes set forth in Plaintiff's Complaint and the letter to the Labor Workforce and Development Agency "LWDA") dated November 1, 2023 (the "LWDA Letter"), on behalf of all current and former non-exempt employees of Defendant the period from September 23, 2022 through the earlier date of either PAGA approval or ninety (90) days after the execution of the settlement Agreement² ("PAGA Period").

Under PAGA, in any action brought by an aggrieved employee, the Court "shall review and approve any settlement of any civil action filed pursuant to this part." Lab. Code § 2699(1)(2). Accordingly the Court, having considered the proposed settlement set forth in the Settlement Agreement, including the proposed PAGA penalties, under Labor Code § 2699(1)(2), having considered the papers filed in support of the proposed settlement and the arguments of counsel, and good cause appearing, **NOW THEREFORE, IT IS ORDERED:**

1. The Court finds the instant Action presents a good faith dispute of the claims alleged;
2. The Court finds in favor of settlement approval, and therefore approves the Settlement of the above-captioned action, as set forth in the Settlement Agreement and each of the releases and other terms, as fair, just, reasonable, and adequate.;

¹. The Settlement Agreement was executed on February 5, 2024.

1 3. The Court finds further that Plaintiff, acting on behalf of himself and the State of
2 California, by operation of this Order hereby releases and forever discharges Defendants and the
3 Released Parties (as defined in the Settlement Agreement) from any and all PAGA Released Claims
4 (as defined in the Settlement Agreement) including penalties asserted in Plaintiff's Complaint,
5 including any and all known and unknown claims for civil penalties under the Private Attorneys
6 General Act, California Labor Code §§ 2698, *et seq.*, that arise.

7 4. The Court finds further that the foregoing release shall be binding on Plaintiff and the
8 State of California, and shall bar any claim under PAGA brought by any person, including the
9 Aggrieved Employees (defined as PAGA Group Members in the Settlement Agreement), on behalf of
10 the State of California, as to the PAGA Released Claims and Released Parties.

11 5. The Court finds further that for reasonable consideration, Plaintiff has agreed to and is
12 bound by Plaintiff's Complete and General Release (as defined in the Settlement Agreement) and
13 waiver of California Civil Code Section 1542;

14 6. The Parties are directed to comply with all terms of the Settlement Agreement, and
15 Defendants are directed to make all payments required by the Settlement Agreement;

16 7. Under the Settlement Agreement, Defendant agrees to pay an all-in gross amount of
17 Five-Hundred Thirty-Five Thousand Dollars (\$535,000.00) (the "Gross Settlement Amount"). The
18 Gross Settlement Amount is inclusive of payments to the LWDA and Aggrieved Employees,
19 enhancement award to Plaintiff, Attorney's Fees and Costs, and Administration Costs. No portion of
20 the Gross Settlement Amount will revert to Defendant. Plaintiff's Counsel request an award of
21 attorney's fees of \$176,550.00 and costs of \$18,199.32; payment of settlement administrator Apex
22 Class Action Administration's costs of \$10,000.00, and \$10,000.00 as a service award to Plaintiff.
23 Defendant does not oppose these requests. The Court finds the Gross Settlement Amount is fair,
24 reasonable and adequate, and approves each of these payments, and directs the Settlement
25 Administrator to make the above payments from the Gross Settlement Amount.

26 8. After deducting the foregoing payments, the estimated remainder of approximately
27 \$320,250.68 shall form the Net Settlement Amount ("NSA"). Pursuant to Labor Code section 2699(i),
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1 the NSA will then be distributed 75% percent (\$240,188.01) to the LWDA, and the remaining 25%
2 percent (\$80,062.67) to the Aggrieved Employees on a pro rata basis, as set forth in the Settlement
3 Agreement. The Court approves these payments, and directs the Settlement Administrator to issue
4 checks to the LWDA and Aggrieved Employees, along with the Notice of PAGA Settlement, as set forth
5 in
6 the Settlement Agreement, and to otherwise carry out its duties as set forth in the Settlement Agreement;
7 and

8 9. The entire Action is hereby DISMISSED WITH PREJUDICE as to all parties and all
9 causes of action. The Court reserves exclusive and continuing jurisdiction over the Action and the Parties
10 under Code of Civil Procedure § 664.6 for the purpose of supervising implementation, enforcement,
11 construction, administration, and interpretation of the Settlement Agreement.

12 10. Plaintiff shall promptly submit a copy of this Order to the LWDA pursuant to PAGA.

13 **IT IS SO ORDERED.**

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HON. MICHAEL SMALL
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