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SHAUNA STALNAKER

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

SHAUNA STALNAKER, an individual and on behalf of other aggrieved employees,

Plaintiffs,

vs.

BLUE PACIFIC ENGINEERING AND CONSTRUCTION, INC., a California corporation, SHAHRAM ELIHU, an individual, and DOES 1 through 50, inclusive,

Defendants.

CASE NO. 37-2024-00022124-CU-WT-CTL

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF PAGA SETTLEMENT AND ENTRY OF JUDGMENT

Date:	October 16, 2026
Time:	10:30 a.m.
Dept:	C-70
Judge:	Hon. Carolyn Caietti
Action Filed:	May 13, 2024
Trial Date:	Not Set

RESERVATION NO.: 101143

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION AND FACTUAL BACKGROUND

Plaintiff SHAUNA STALNAKER ("Plaintiff") seeks this Court's approval of the final settlement and resolution of her claim for penalties under the Private Attorneys General Act, California Labor Code section 2698, *et seq*. ("PAGA") pursuant to Lab. Code, § 2699, subd. (l)(2) and entering judgment pursuant to C.C.P. section 664.6.

Plaintiff and Defendants BLUE PACIFIC ENGINEERING AND CONSTRUCTION, INC., a California corporation ("Blue Pacific"), SHAHRAM ELIHU, an individual ("Elihu") ("Defendants") (collectively with Plaintiff, the "Parties") reached a global settlement of all claims, including the PAGA Settlement, during a court-assigned mediation held by Hon. Judith Haller (Ret.) on October 28, 2025. The agreement was memorialized in a writing that makes express it is enforceable (the "Agreement"). It was signed by all Parties, their counsel, and Justice Haller. At that time, it was expected that the Parties would then develop and agree upon a long-form, written agreement or agreements. But those efforts failed and now Plaintiff proceeds as explained herein to enforce the settlement and seeks an order approving the resolution of the PAGA claim.

The Agreement executed at the mediation is valid and enforceable. Justice Haller hand-wrote (and signed) it, and submitted Form ADR-100 (*see* ROA 33) to this Court, indicating the Parties reached a full and final settlement of all claims. Accordingly, Plaintiff is entitled to relief pursuant to C.C.P. 664.6.

Accordingly, Plaintiff respectfully requests that this Court approve the PAGA settlement. For the reasons discussed herein, the PAGA Settlement is a fair, reasonable, and adequate resolution of a disputed claim brought against an employer facing economic uncertainty. The proportion of the total settlement allocated to PAGA penalties is presumptively reasonable and the recovery for the LWDA and Aggrieved Employees is meaningful, especially considering Defendants' claimed inability to pay and ongoing delinquency. Entry of judgment pursuant to C.C.P. § 664.6 will permit Plaintiff to recover pursuant to the settlement, collect PAGA penalties owed to the State, and fully resolve this lawsuit. Provided herewith is a [Proposed] Order (a) approving the PAGA Settlement pursuant to Lab. Code 2699(s)(2) and (b) entering final Judgment against Defendants based on the terms of the settlement.

II. SUMMARY OF LITIGATION

Plaintiff, whom Defendants employed over a period of years, brought this action to vindicate a pattern of wage-and-hour violations affecting herself and other aggrieved employees of Defendant. Plaintiff also brought individual claims for whistleblower retaliation and wrongful termination.

On December 28, 2023, Plaintiff submitted a letter to notify the LWDA of Plaintiff's intent to seek civil penalties under PAGA for violations of Labor Code. (*See* Cardone Decl., ¶¶ 3-5, Exhibit 4). The LWDA did not respond to this notice within sixty-five (65) days, indicating it did not intend to investigate. (Cardone Decl., ¶ 6).

On May 13, 2024, Plaintiff filed this action, pleading causes of action for: (1) Retaliation Against Whistleblower (Labor Code § 1102.5); (2) Wrongful Termination In Violation Of Public Policy; (3) Violation Of Labor Code § 98.6; (4) Failure To Pay Overtime Wages (Labor Code §§ 510, 1194, And Applicable Wage Order); (5) Failure To Pay Minimum Wages (Labor Code § 1197 And Applicable Wage Order); (6) Unpaid Meal Period Wages (Labor Code §§ 226.7, 512, And Applicable Wage Order); (7) Unpaid Rest Period Wages (Labor Code §§ 226.7, And Applicable Wage Order); (8) Failure To Pay Timely Wages (Labor Code § 204, 1194 And 1198, And Applicable Wage Order); (9) Improper Withholding Of Wages (Labor Code §§ 221, 223, And 224); (10) Failure To Pay All Wages Due At Time Of Discharge (Labor Code §§ 201- 203); (11) Failure To Provide Accurate, Itemized Wage Statements (Labor Code §§ 226 And 1174); (12) Unfair Competition (Bus. & Prof. Code § 17200 Et Seq.); and (13) Private Attorneys General Act Penalties (Labor Code § 2698 et seq.).

Prior to mediation, the Parties exchanged written discovery and shared substantial information. Defendant produced data and documents for Plaintiff to evaluate the PAGA claims and calculate the alleged exposure, including a sample of time and payroll records, and data regarding the number of Aggrieved Employees and pay periods. (Cardone Decl., ¶¶ 8-9). Defendant also produced policy documents and Plaintiff's personnel file, time records, and pay records. (*Id*. ¶ 10). Plaintiff's counsel engaged a forensic economist, Lindsay Petitte of Stout, to analyze Plaintiff's damage claims and PAGA Penalties. (Cardone Decl., ¶ 11). Ms. Petitte helped Plaintiff's counsel to calculate the potential PAGA exposure using the time and payroll records, and assess the risks associated with each of the claims. (*Id*.).

On October 28, 2025, the Parties attended a Court-assigned mediation session with Justice Haller (Ret.) to resolve Plaintiff's individual and PAGA claims. After extensive negotiations in mediation, and following a proposal made by Justice Haller, the Parties reached a full and final settlement of all claims in the Action, including Plaintiff's PAGA claim and individual claims. (Cardone Decl., ¶¶ 12-13). Justice Haller wrote out the terms of the Agreement and the Parties signed an enforceable settlement agreement. (Cardone Decl., ¶ 14, Ex. 3). The Agreement was made enforceable pursuant to C.C.P. 664.6. Following the successful mediation, Defendants confirmed the total number of aggrieved employees and workweeks. (Cardone Decl., ¶ 18).

Plaintiff gave notice of the PAGA Settlement to the LWDA by submitting the proposed settlement agreement to the LWDA simultaneously herewith. (Cardone Decl., ¶ 17).

III. SUMMARY OF PAGA SETTLEMENT TERMS

The PAGA Settlement accounts for $10,000 of the $400,000 that Defendants agreed to pay to settle the action. It resolves PAGA claims involving 175 aggrieved employees and 14,650 pay periods between December 28, 2023 through October 28, 2025 (the "PAGA period"). Settlement terms pertinent to the Court's analysis are summarized below.[1]

1. Settlement Funding. Defendant will pay $400,000 as the Global Settlement Amount. The Global Settlement Amount resolves Plaintiff's individual claims, the PAGA claim, and will cover Plaintiff's claim for statutory legal fees and costs, and settlement administration costs attendant to the PAGA claim.

[1] The PAGA settlement agreement that Plaintiff drafted and Defendants refused to sign contains all these terms. None of these terms conflict with terms of the Holographic Agreement. To the extent any of these terms are additional to the terms of the Holographic Agreement, they were adapted from the Model PAGA Settlement Agreement approved by the Los Angeles County Superior Court, available at: https://lascpubstorage.blob.core.windows.net/forms/Forms%20Comprehensive%20List/LASC%20CIV%20298.pdf.

2. Proceeds to Plaintiff. Of the $400,000 Global Settlement Amount, $390,000 will be allocated to Plaintiff in satisfaction of her individual claims. Of that sum, the Parties agreed that $60,000 will be allocated to the settlement of Plaintiff's unpaid wage claims.

3. Installment Payments to Plaintiff. Of the $390,000 allocated to Plaintiff, $300,000 is to be paid in 24 monthly installments.

4. Payment of PAGA Claim. Of the $400,000 Global Settlement Amount, $10,000 will be allocated to PAGA civil penalties.

5. PAGA Settlement Class. The PAGA period is December 28, 2023 through October 28, 2025. According to Defendants, there are a total of 14,650 PAGA Pay Periods for 175 Aggrieved Employees.

6. PAGA Settlement Administration Costs. In the settlement agreement, the parties expressly agreed to appoint neutral entity Phoenix Settlement Administrators to administer portions of the settlement. Of the $10,000 gross PAGA settlement amount, not more than $2,700 will be payable to the Administrator. (Lawrence Decl. ¶ 21, Ex. B).

7. Net PAGA Settlement Amount. After administration costs, the Net PAGA Settlement Amount will be $7,300.

8. Attorney's Fees. **No part of the Gross PAGA Settlement Amount will be paid to PAGA Counsel**. To expedite resolution of this matter and simplify this motion, Plaintiff's counsel has waived any claim to such compensation. (Cardone Decl. ¶ 20).

9. Payment to LWDA. Of the $7,300 Net PAGA Settlement Amount, $4,475 (75 percent) will be paid to the LWDA pursuant to Lab. Code § 2699.

10. Payment to Aggrieved Employees. Of the $7,300 Net PAGA Settlement Amount, $1,825 will be paid to the Aggrieved Employees.

11. Calculation of Payment to Aggrieved Employees. The Administrator will calculate each Aggrieved Employee's PAGA payment by (a) dividing the total amount allocated to the Aggrieved Employees ($1,825.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period (14,650) and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods worked.

12. Mailings to Aggrieved Employees. The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database. (Lawrence Decl. ¶ 12)

13. Skip Tracing. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are retuned undelivered without USPS forwarding address. Within 7 days of receiving a returned check, the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employee whose remailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date. (*Id.*).

14. Unclaimed Funds. Any unclaimed funds resulting from Aggrieved Employees' failure to cash PAGA payment checks by the Void Date shall be transmitted to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.

15. Releases of Claims. By way of the parties' written settlement agreement executed at the mediation, the Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice.

16. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters and (iii) addressing such post-Judgment matters as are permitted by law.

IV. LEGAL STANDARD

A. For Approval of PAGA Settlement

There are no specific statutory requirements governing the approval of PAGA settlements. (*Flores v. Starwood Hotels & Resorts Worldwide, Inc.* (C.D. Cal. 2017) 253 F.Supp.3d 1074, 1075 ("no definitive answer to this vexing question.")). Lab. Code § 2699(l) simply states, "[t]he superior court shall review and approve any penalties sought as part of a proposed settlement agreement."

In practice, courts reviewing PAGA settlements look to whether the settlement of PAGA claims provides "genuine and meaningful" relief, and whether the settlement is "fundamentally, reasonable, and adequate." (*O'Connor v. Uber Techs., Inc.*, (N.D. Cal. 2016) 201 F.Supp.3d 1110, 1133).

To evaluate the fairness of PAGA settlements, many courts measure the dollar value of the PAGA settlement as a proportion of the total settlement, inclusive of non-PAGA claims. (*See Haralson v. U.S. Aviation Services Corp*. (2019) 383 F.Supp.3d 959, 972). Some courts are skeptical of global settlements that allocate less than one percent of total settlement proceeds to PAGA claims. (*See id*. at 972-73 (collecting cases) and *id*. at 973 ("[T]he settlement's allocated PAGA recovery of one percent is on the border of percentages that raise heightened concerns.")). However, courts may approve such settlements where the Labor and Workforce Development Agency ("LWDA") fails to object and where PAGA penalties would have been subject to discretionary reductions. (*Id.*)

Courts may also assess the relative strength of PAGA claims and defenses (*See Smith v. H.F.D. No. 55, Inc.* (E.D. Cal. Apr. 20, 2018) No. 2:15-cv-01293-KJM-KJN, 2018 WL 1899912 at *3) and solvency/collectability concerns of the defendant. (*See id.*; *Cavazos v. Salas Concrete, Inc.* (E.D. Cal. July 25, 2022) No. 1:19-cv-00062-DAD-EPG, 2022 WL 2918361 at *5). Credible evidence that a PAGA defendant could become insolvent weighs in favor of approving settlement.

Courts look favorably on PAGA settlements brokered by a mediator through arms' length negotiations. (*Id.* at *8 (noting with approval that "parties entered into a private mediation with a neutral, professional mediator"); *Monterrubio v. Best Buy Stores, L.P.* (E.D. Cal. 2013) 291 F.R.D. 443, 454). The instant settlement, as noted above, was facilitated by Justice Haller.

B. For C.C.P. § 664.6 Entry of Judgment

When parties stipulate to settlement of a pending action in writing, C.C.P. § 664.6 empowers courts to enter judgment based on the terms of the settlement and to retain jurisdiction to enforce the settlement. Section 664.6 was enacted to provide a summary procedure for specifically enforcing a settlement without the need for a new lawsuit. (*Bowers v. Raymond J. Lucia Companies, Inc.* (2012) 206 Cal.App.4th 724, 732) (citing *Weddington Productions, Inc. v. Flick* (1998) 60 Cal.App.4th 793, 809)). It is designed to relieve parties and the judicial system "of the burden of more time-consuming and expensive processes." (*Provost v. Regents of University of California* (2011) 201 Cal.App.4th 1289, 1298).

In ruling on a motion to enter judgment based on settlement, the trial court acts as the trier of fact, determining whether the parties entered into a valid and binding settlement. (*Terry v. Conlan* (2005) 131 Cal.App.4th 1445, 1454). If the court determines that the parties entered into an enforceable settlement, it should grant the motion and enter a formal judgment pursuant to the terms of the settlement. (*Greisman v. FCA US, LLC* (2024) 103 Cal.App.5th 1310, 1321). The court assesses whether the material terms of the settlement were reasonably well defined and certain, and whether the parties expressly acknowledged that they understood and agreed to be bound by those terms. (*Estate of Jones* (2022) 82 Cal.App.5th 948, 952). The court may interpret the settlement terms and conditions, but may not impose terms to which the parties did not agree. (*Id.*).

V. DISCUSSION

A. The PAGA Settlement is fair, reasonable, and adequate

The PAGA settlement is a fair, reasonable, and adequate resolution of disputed and uncertain claims. The settlement was brokered by Justice Haller at a court-appointed mediation session through arms' length negotiations. (Cardone Dec. ¶ 13). The Agreement was signed by all parties and counsel and contains all material terms of the PAGA Settlement. (Cardone Dec. ¶ 14, Ex. 3).

Of a $400,000 global settlement, $10,000 is allocated to the PAGA claims. This equates to 2.5 percent of the total settlement, a proportion that some courts view as presumptively equitable. (*See Cavazos*, *supra*, 2022 WL 2918361 at *8 [PAGA penalty representing 2.3% of the gross settlement "is consistent with other PAGA settlements approved by this court" and collecting cases]).

The costs of securing and administering the PAGA settlement are minimal. PAGA counsel seeks no fee against the PAGA proceeds, and the costs of administration, including mailings and skip tracing, will not exceed $2,700. (Lawrence Decl. ¶ 21). Of the net PAGA settlement amount of $7,300 (after administration costs), $5,475 (75 percent) will be distributed to the LWDA, with $1,825 going to the aggrieved employees. While the proceeds are limited, they are still "meaningful" under *O'Connor*. Courts routinely approve PAGA settlements for lower amounts. (*See, e.g. Slavkov v. Fast Water Heater Partners I, LP* (N.D. Cal. July 25, 2017) No. 14-cv-04324-JST, 2017 WL 3834873 [$7,500 in PAGA penalties]; *Penaloza v. PPG Industries Inc*. (Super. Ct. L.A. County, May 20, 2013) No. BC471369, 2013 WL 2917624 at *2 [$5,000]; *Cavazos*, *supra*, 2022 WL 2918361 [$4,000]; *Smith*, *supra*, 2018 WL 1899912 [$100].)

Further, concerns about Defendants' financial health and solvency, risks emphasized by Defendants and their counsel, were driving considerations in reaching this settlement. Throughout discovery and at mediation, Defendants argued that protracted litigation could force them into bankruptcy. (Cardone Decl. ¶ 15). (*Cf. Cavazos*, *supra*, 2022 WL 2918361 at *5 ["During settlement negotiations…defendant provided class counsel with various financial documents and 'convincingly promised to seek bankruptcy protection and shut down the business if litigation continued.'"]). Indeed, the very conduct giving rise to these PAGA claims (generally, failure to pay timely wages) was caused by cash flow and liquidity issues that persist today. Plaintiff has no choice but to accept payment of her individual settlement in installments over a long period of time for this very reason. (Cardone Decl. ¶ 16). Now, Defendants' delinquency in ratifying and honoring the settlement lends credence to their claimed insolvency and reinforces doubts about their ability to pay. Plaintiff recognized that, absent settlement, Defendants could become insolvent, and she, the LWDA, and Aggrieved Employees would then take nothing. This factor weighs in favor of approving the PAGA settlement.

VI. CONCLUSION

The Court-assigned mediation session with Justice Haller produced a PAGA settlement that compromises uncertain claims against precariously solvent Defendants who had been sued for failing to, inter alia, make payroll for their employees, while avoiding further litigation and attendant costs. The PAGA settlement, especially under these circumstances, is fair and equitable to the Aggrieved Employees and serves the public policy of enforcing California's Labor Code, deterring future violations, and promoting compliance with wage and hour laws.

For all these reasons, Plaintiff respectfully requests that the Court approve the PAGA settlement and enter the [Proposed] Order.

Dated: March 18, 2026

DUNN DESANTIS WALT & KENDRICK, LLP

By: ______________________

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