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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES-CENTRAL DISTRICT

(*UNLIMITED JURISDICTION*)

DAVID HERRERIA TORRES, as an "aggrieved employee" on behalf of himself and other similarly situated "aggrieved employees" under the Labor Code Private Attorneys General Act of 2004,

Plaintiffs,

vs.

JMG SPECIALTIES, INC., a California corporation; JOSEPH M. GAGE, an individual; and DOES 1 to 25, inclusive,

Defendants.

Case No.: 24STCV05341

NOTICE OF PLAINTIFF'S MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT; MEMORANDUM OF POINT AND AUTHORITIES

Action filed:	March 4, 2024
Hearing Date:	April 2, 2027
Hearing Time:	10:00 a.m.
Hearing Dept:	50, Hon. Teresa A. Beaudet

Reservation ID: 006301682312

Submitted Herewith Under Separate Cover:

1. Memorandum of Point and Authorities;
2. Declaration of Maralle Messrelian;
3. Declaration of David Herreria Torres;
4. Declaration of Michael E. Moore; and
5. [Proposed] Order and Judgment Approving PAGA Settlement.

TO ALL PARTIES, THE CALIFORNIA LABOR AND WORKFORCE DEVELOPMENT AGENCY, AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on April 2, 2027 at 10:00 a.m., or as soon thereafter as the matter may be heard, in Department 50 of the Los Angeles County Superior Court, located at 111 N. Hill St. Los Angeles CA 90012, Plaintiff David Herreria Torres ("Plaintiff") will and hereby does move this Court for an Order:

1. Approving the Private Attorneys General Act Settlement Agreement ("the "Agreement" or "PAGA Settlement") entered into by Plaintiff and Defendant JMG Specialties, Inc.

2. Approving the Administration Expenses Payment;

3. Approving the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment;

4. Approving the Release by Aggrieved Employees and Plaintiff;

5. Directing consummation of the Settlement pursuant to its terms and provisions;

6. Dismissing the Action with prejudice;

7. Entering Judgment approving the Settlement; and

8. Reserving continued jurisdiction over the Parties, Action, and Settlement solely for purposes of (i) enforcing the Settlement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

The Motion is based on this Notice of Motion and Motion, the attached Memorandum of Points and Authorities, the declarations Maralle Messrelian, David Herreria Torres, and Michael E. Moore, the PAGA Settlement, all papers and pleadings on file with the Court in this action, all matters judicially noticeable, and on such oral and documentary evidence as may be presented in connection with the hearing on the Motion.

Respectfully submitted,

Dated: November 6, 2026

MM LAW, APC

By: Maralle Messrelian

Maralle Messrelian,
Attorneys for Plaintiff

TABLE OF CONTENTS

TABLE OF AUTHORITIES iii

I. INTRODUCTION 1

II. FACTUAL AND PROCEDURAL BACKGROUND 1

A. Plaintiff's Written Notice to the State of California 1

B. Mediation With Professional Neutral David Oken... 2

C. Plaintiff's Lawsuit. 2

III. OVERVIEW OF SETTLEMENT 3

A. "Aggrieved Employee" Definition 3

B. Monetary Terms Of The Settlement 3

C. Funding and Distribution of the Settlement 3

D. Individual PAGA Payments and Uncashed Checks 4

E. Release of Claims For Aggrieved Employees Limited To Those That Could Reasonably Arise From the Facts Alleged In The Action 4

IV. ARGUMENT 5

A. STANDARD FOR APPROVAL OF A PAGA SETTLEMENT 5

B. THE SETTLEMENT MEETS THE STATUTORY REQUIREMENTS OF PAGA 6

C. THIS COURT SHOULD APPROVE THE PAGA SETTLEMENT BECAUSE IT IS FAIR, REASONABLE AND ADEQUATE 7

1. The PAGA Settlement Is A Result of Extensive, Non-Collusive Arm's Length Negotiations Between The Parties. 7

2. The Extent of Investigation and Discovery Completed Provided Ample Information to Enter into an Informed and Reasonable Settlement 8

3. The Settlement Is Fair and Reasonable Based on the Risks and Costs of Further Litigation 9

4. Each Aggrieved Employee Will Be Paid Based on the Potential Extent of His or Her Injury Compared to Other Aggrieved Employees 13

5. Counsel For Parties Are Experienced in Similar Litigation 13

6. The Proposed PAGA Counsel Fees Payment and Expenses Payment Are Fair, Adequate, and Reasonable and Should Be Approved....13

7. The Proposed Settlement Administration Costs Are Fair and Reasonable and Should Be Approved....15

V. CONCLUSION....15

TABLE OF AUTHORITIES

Cases **Page(s)**

Austin v. Foodliner, Inc.
(N.D.Cal. May 10, 2019) 2019 U.S. Dist. LEXIS 79638 14

Brinker Restaurant Corp. v. Superior Court
(2012) 53 Cal.4th 1004 9

Carrington v. Starbucks
(2018) 30 Cal.App.5th 504 11

Chavez v. Netflix, Inc.
(2008) 162 Cal.App.4th 43 14

Dunk v. Ford Motor Co.
(1996) 48 Cal.App.4th 1794 7

Gutilla v. Aerotek, Inc.
(E.D.Cal. Mar. 21, 2017) 2017 U.S. Dist. LEXIS 41655 ..... 6, 7

Hanlon v. Chrysler Corp.
(9th Cir. 1998) 150 F.3d 1011 6

In re Executive Life Ins. Co.
(1995) 32 Cal.App.4th 344 6

In re Synocor ERISA Litigation,
(9th Cir. 2008) 516 F.3d 1095..... 6

Juarez v. Villafan
(E.D.Cal. Aug. 24, 2017) 2017 U.S. Dist. LEXIS 137205 ..... 5, 7

Laguna v. Coverall N. Am., Inc.
(9th Cir. June 3, 2014) 2014 WL 2465049 12

Laffitte v. Robert Half Internat. Inc.
(2016) 1 Cal.5th 480 14

Lealao v. Beneficial California, Inc.
(2000) 82 Cal.App.4th 19 13

Lopez v. Mgmt. & Training Corp.
2020 U.S. Dist. LEXIS 70029……...14

Moorer v. Noble L.A. Events, Inc.
(2019) 32 Cal.App.5th 736 6
Neary v. Regents of University of California
(1992) 3 Cal.4th 273 6

Officers for Justice v. Civil Service Com.
(9th Cir. 1982) 688 F.2d 615 5

Principe v. Ukropina (In re Pacific Enter. Sec. Litig.)
(9th Cir. 1995) 47 F.3d 373 14

Ramirez v. Benito Valley Farms, LLC
(N.D.Cal. Aug. 25, 2017) 2017 U.S. Dist. LEXIS 137272 6,7

Rincon v. West Coast Tomato Growers, LLC
(S.D.Cal. Feb. 12, 2018) 2018 U.S. Dist. LEXIS 22886 ..... 6, 7

Salazar v. Sysco Cent. Cal., Inc.
(E.D.Cal. Feb. 2, 2017) 2017 U.S. Dist. LEXIS 14971 5

Serrano v. Priest
(1977) 20 Cal.3d 25 13

Smith v. H.F.D. No. 55, Inc.
(E.D.Cal. Apr. 19, 2018) 2018 U.S. Dist. LEXIS 67192 ..... 6, 7

Thurman v. Bayshore Transit Management, Inc.
(2012) 203 Cal.App.4th 1112 11

Washington v. Joe's Crab Shack
(N.D.Cal. 2010) 271 F.R.D. 629 10

Wershba v. Apple Computer, Inc.
(2001) 91 Cal.App.4th 224 13

Williams v. MGM-Pathe Communs. Co.
(9th Cir. 1997) 129 F.3d 1026 14

Statutes

Lab. Code, section 2698 et seq. 1

Lab. Code, section 2699 ..... *passim*

Lab. Code, section 2699.3 1

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff David Herreria Torres ("Plaintiff") submits this memorandum of points and authorities in support of his motion for approval of the PAGA (Private Attorneys General Act, Labor Code § 2698 *et seq*.) Settlement Agreement (the "Agreement" or "PAGA Settlement")[1] for the civil penalties claim he brought against Defendant JMG SPECIALTIES, INC. ("Defendant" or "JMG") under the Labor Code Private Attorneys General Act of 2004, Labor Code §§ 2698, *et seq.* ("PAGA"). Plaintiff brings this motion because Labor Code section 2699, subdivision (*l*), of the PAGA requires Court-approval of any civil penalties sought as part of a proposed settlement agreement. Through this motion, Plaintiff respectfully requests for this Court to approve the PAGA Settlement.

II. FACTUAL AND PROCEDURAL BACKGROUND

JMG first began to employ Plaintiff David Herreria Torres as a welder in or around June/July 2021 to work at its facility located at 28620 Livingston Ave., Valencia, California. Plaintiff's employment ended on or around November 4, 2023. MM, ¶ 5.

A. Plaintiff's Written Notice to the State of California

Plaintiff complied with the procedures of Labor Code § 2699.3 for bringing this action under the PAGA. On December 18, 2023, Plaintiff, on behalf of himself and JMG's other California non-exempt hourly employees (hereafter collectively the "Aggrieved Employees") gave written notice by electronic service to the California Labor and Workforce Development Agency ("LWDA") and via certified mail to Defendant of the specific provisions of the California Labor Code alleged to have been violated, including the facts and theories to support the alleged violations (the "PAGA Notice".) MM, ¶ 6, Ex. 3. The specific provisions alleged to have been violated in the PAGA Notice included Labor Code sections §§ 201, 202, 203, 204, 226, 226.7, 233, 246, 510, 512, 558, 558.1, 1174, 1194, 1197, 1198, and 2802, and Industrial Welfare Commission Wage Order No. 1-2001.

[1] The Agreement is attached as Exhibit ("Ex.") 1 to the Declaration of Maralle Messrelian ("MM"), which is submitted herewith under a separate cover.

B. Mediation With Professional Neutral David Oken

Upon mutual agreement of the parties, on November 12, 2025, the parties participated in a full-day mediation session with David Oken, Esq., an experienced and well-regarded neutral, who has considerable experience mediating complex wage and hour actions. MM, ¶ 7. The negotiations were adversarial and contentious, although professional in nature. Ultimately, at the mediation, the parties reached a good faith agreement to settle the Action. Notably, in advance of the mediation, the Parties engaged in informal discovery regarding JMG's policies, practices, operations, time and payroll information, and other topics. Specifically, Defendant provided Plaintiff's counsel with information and documents relating to the Aggrieved Employees, including timekeeping and payroll data. Defendant also produced Plaintiff's personnel file, timekeeping records and earnings statements. Through extensive, arm's length negotiations at the mediation, and only after discovery and investigation were performed, the parties agreed to settlement terms. Now that the parties have finalized the PAGA Settlement, Plaintiff submits the PAGA Settlement to this Court for approval. MM, ¶ 8.

C. Plaintiff's Lawsuit

On March 4, 2024, Plaintiff filed an individual and representative action lawsuit, including a cause of action for recovery of civil penalties, against Defendants in the Los Angeles County Superior Court (the "Lawsuit") pursuant to PAGA based on the same allegations set forth in his LWDA letter . Specifically, Plaintiff alleged that Defendants had 1) failed to pay him and the Aggrieved Employees all wages earned for all hours worked at the correct rates of pay; 2) failed to provide meal periods or pay correctly-calculated premium wages in lieu thereof; 3) failed to authorize and permit rest periods or pay correctly-calculated premium wages in lieu thereof; 4) failed to indemnify for business expenses; 5) failed to issue only accurate and complete itemized wage statements; 6) failed to timely pay wages during and upon separation from employment; 7) failed to maintain accurate employment records; 8) failed to provide personnel and pay records; and 9) engaged in unfair competition. MM, ¶ 9, Ex. 4; Agreement, ¶ 2.1.

While Defendant has agreed to the PAGA Settlement, Defendant denies any liability or wrongdoing of any kind whatsoever associated with the lawsuit. It is the desire of the parties to

fully, finally, and forever compromise, and discharge all claims known or unknown related to those alleged in Plaintiff's lawsuit. MM, ¶ 10. Agreement, ¶ 2.1.

III. OVERVIEW OF SETTLEMENT

A. "Aggrieved Employees" Definition

The Aggrieved Employees are all individuals who are, or were, employed by Defendant as non-exempt employees in California during the PAGA Period. Agreement, ¶ 1.4. The PAGA Period means the period of time December 18, 2022, through November 12, 2025. Agreement, ¶ 1.19.

B. Monetary Terms Of The Settlement

Defendant has agreed to pay a total of $100,000 ("Gross Settlement Amount" or "GSA") to settle the PAGA claims from which all settlement payments to the Aggrieved Employees, to the State of California, for Court approved attorneys' fees and costs, and for settlement administration costs shall be paid. Agreement, ¶ 3.1-3.2. Each Aggrieved Employee will receive a portion of the civil penalties on a pro-rata basis calculated based on the total number of pay periods each Aggrieved Employee worked as a non-exempt hourly employee of JMG in California during the PAGA Period. Agreement, ¶ 3.2.3.1. The GSA will be divided as follows:

1. PAGA Counsel's Fees Payment amounting to $33,333.33 (one third of the GSA),

2. PAGA Counsel's Litigation Expenses Payment in the amount of $6,706.68 (the Agreement provides up to $7,000.00);

3. Administration Expenses Payment of $3,500.00 to Phoenix Settlement Administrators ("Phoenix" or "Administrator") to administer the Settlement (the Agreement provides up to $3,500.00);

4. Approximately $56,459.99 ("Net Settlement Amount"), divided as follows:
   a. $ 42,344.99 to the LWDA (75%); and
   b. $ 14,115.00 to the Aggrieved Employees (25%)

Agreement, ¶ 3.2.

C. Funding and Distribution of the Settlement

Provided that the Court approves the Settlement, JMG shall deposit the GSA with the Administrator no earlier than September 15, 2026[2]. Agreement, ¶ 4.3.

Not later than 30 days after the Effective Date, Defendant shall provide the Administrator with the Aggrieved Employee Data, which states each Aggrieved Employee's full legal name, last-known mailing address, Social Security number, and number of PAGA Pay Periods. Agreement, ¶¶ 1.5, 4.2.

Within 10 days after JMG funds the GSA, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, and the PAGA Counsel Litigation Expenses Payment. Agreement, ¶ 4.4.

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 along with the Notice of PAGA Settlement (Exhibit 2 to MM Declaration). Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database. Within seven days of receiving a returned check the Administrator must re-mail the returned check to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. Agreement, ¶¶ 4.4.1, 4.4.2.

D. Individual PAGA Payments and Uncashed Checks

The settlement checks issued to Aggrieved Employees will remain valid for one hundred eighty (180) days. Any settlement checks remaining uncashed for more than one hundred eighty (180) days after issuance will be distributed to the California State Controller's Office Unclaimed Property Fund with an identification of the amount of unclaimed funds attributable to each PAGA Employee. Agreement, ¶ 4.4.1, 4.4.3. The Administrator will report the Individual PAGA Payments on IRS Form 1099s. Agreement, ¶ 3.2.3.2.

E. Release of Claims For Aggrieved Employees Limited To Those That Could Reasonably Arise From the Facts Alleged In The Action.

[2] "Effective Date" means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement and (b) the Judgment is final.

Effective on the date when Defendant fully funds the entire Gross Settlement Amount, Plaintiff and the Aggrieved Employees will be deemed to have released and forever discharged the Released PAGA Claims with respect to Defendant JMG Specialties, Inc., Joseph M. Gage, and each of their former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns, employees, parent and subsidiary companies, affiliates, holding companies, joint ventures, insurers and re-insurers, present and former spouses and heirs (the "Released Parties"). The Released PAGA Claims means:

> 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, including California Labor Code sections 201, 202, 203, 204, 226, 226.7, 233, 246, 510, 512, 558, 558.1, 1174, 1194, 1197, 1198, and 2802.

Agreement, ¶¶ 1.25-1.26; 5.1-5.2.

IV. ARGUMENT

A. STANDARD FOR APPROVAL OF A PAGA SETTLEMENT

The Settlement of a PAGA claim requires court approval. *Lab. Code,* § 2699, subd. (*l*)(2). The Court necessarily has broad discretion in making the decision to approve or reject a settlement for civil penalties as the statutory scheme authorizes the Court to determine whether, in certain circumstances, penalties should be assessed and, if so assessed, the appropriate amount of penalties based on the facts and circumstances of the particular case. *See Lab. Code,* § 2699, subds. (e)(1)-(2), Although the PAGA does not set forth the particular standards against which a PAGA settlement should be evaluated, the LWDA has provided guidance for approval that mirrors the standards for evaluating class action settlements. MM, ¶ 12; *See, e.g.*, *Salazar v. Sysco Cent. Cal., Inc.*, 2017 U.S. Dist. LEXIS 14971, *6, n. 4-5 (E.D. Cal. 2017) (stating, based on the LWDA's guidance, that approval of PAGA settlements may be had where the statutory requirements of the PAGA are met and the terms of the settlement are fundamentally fair, reasonable, and adequate). The established standards for evaluating whether class action settlements are fair, reasonable, and adequate provide a familiar, useful framework for the Court to evaluate PAGA settlements and have been adopted by several courts. *Id.*, *See Juarez v. Villafan*, 2017 U.S. Dist. LEXIS 137205, *5 n. 4 (E.D. Cal. 2017) (*citing Officers for Justice v.*

Civil Serv. Comm'n of City & Cty. of San Francisco, 688 F.2d 615, 625 (9th Cir. 1982)); *Ramirez v. Benito Valley Farms, LLC*, 2017 U.S. Dist. LEXIS 137272, *8-9 (N.D. Cal. 2017) (citing *Hanlon v. Chrysler Corp*., 150 F.3d 1011, 1026 (9th Cir. 1998)); *Gutilla v. Aerotek, Inc.*, 2017 U.S. Dist. LEXIS 41655, *7, n.4 (E.D. Cal. 2017); *Smith v. H.F.D. No. 55, Inc.*, 2018 U.S. Dist. LEXIS 67192, *6 (E.D. Cal. 2018); *Rincon v. W. Coast Tomato Growers, LLC*, 2018 U.S. Dist. LEXIS 22886, *6 (S.D. Cal. 2018).

In making the determination whether a settlement taken as a whole is fair, reasonable, and adequate, the Court should be careful to still give "proper deference to the private consensual decision of the parties," since "the court's intrusion upon what is otherwise a private consensual agreement negotiated between the parties to a lawsuit 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 . . . ." *Hanlon*, 150 F.3d at, 1027. The law favors settlement of lawsuits, particularly complex litigation cases where substantial resources can be conserved by avoiding the time, expense, and rigors of formal litigation. *See Neary v. Regents of Univ. of Cal.*, 3 Cal. 4th 273, 277-81 (1992); *In re Synocor ERISA Litigation*, 516 F.3d 1095, 1101 (9th Cir. 2008); *In re Exec. Life Ins. Co.*, 32 Cal.App.4th 344, 382 (1995).

B. THE SETTLEMENT MEETS THE STATUTORY REQUIREMENTS OF PAGA

PAGA imposes two requirements for the settlement of a PAGA claim. Both are met here. First, any civil penalties recovered, whether by judgment or settlement, must be distributed as follows: 75 percent to the LWDA, and the remaining 25 percent to the Aggrieved Employees. *See Moorer v. Noble L.A. Events, Inc*. (2019) 32 Cal.App.5th 736, 742; *Lab. Code,* § 2699, subd. (i). The parties' Settlement so provides. MM, ¶ 13, Ex. 1. Second, the LWDA must be given notice of the settlement so that it may be heard before the Court decides whether to grant approval. *Lab. Code,* § 2699, subd. (*l*)(2). Here, notice is being given to the LWDA concurrently with the filing of this motion. MM, ¶¶ 13, 41, Ex. 7. As a result, Plaintiff has met all procedural statutory requirements for settling a PAGA action.

///

C. THIS COURT SHOULD APPROVE THE PAGA SETTLEMENT BECAUSE IT IS FAIR, REASONABLE AND ADEQUATE

To make its determination that the PAGA settlement is fair, reasonable, and adequate, the Court may consider several factors, including:

> the strength of the Plaintiff's case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, and the experience and views of counsel.

Dunk v. Ford Motor Co., 48 Cal. App. 4th 1794, 1801 (1996); *Juarez*, 2017 U.S. Dist. LEXIS 137205, *5 n.4; *Ramirez*, 2017 U.S. Dist. LEXIS 137272, *8-9; *Gutilla*, 2017 U.S. Dist. LEXIS 41655, *7, n.4; *Smith*, 2018 U.S. Dist. LEXIS 67192, *6; *Rincon*, 2018 U.S. Dist. LEXIS 22886, *6. However, this Court should begin its analysis with a presumption that the proposed settlement is fair. "A presumption of fairness exists where: (1) the settlement is reached through arm's length bargaining; (2) investigation and discovery are sufficient to allow counsel and the court to act intelligently; (3) counsel is experienced in similar litigation . . . ." *Dunk*, 48 Cal. App. 4th at 1802.

The PAGA Settlement warrants a presumption of fairness for several reasons: (1) The parties reached the Settlement through arm's-length bargaining with the aid of a respected mediator; (2) The parties conducted sufficient investigation and discovery to allow Counsel and the Court to act intelligently. Plaintiff requested and Defendants provided all policies in effect during the PAGA Period, and time and pay records for the Aggrieved Employees for the PAGA Period; and (3) Counsel for the Parties are experienced with PAGA cases. MM, ¶ 19. Moreover, neither Plaintiff nor Plaintiff's Counsel have any conflicts of interest with the absent Aggrieved Employees and there are no issues of ascertainability. MM, ¶ 19. For the reasons discussed below, this Court should approve the PAGA Settlement.

1. The PAGA Settlement Is A Result of Extensive, Non-Collusive Arm's Length Negotiations Between The Parties.

The PAGA Settlement was reached only after informal discovery and arms' length negotiations between experienced attorneys, which included a full-day mediation with

professional neutral David Oken, Esq. At all times, the negotiations were adversarial and contentious, although still professional in nature. MM, ¶ 7.

Counsel for the Parties have further investigated the applicable law as applied to the facts discovered regarding Plaintiff's claims, the defenses thereto, and the Labor Code violations claimed by Plaintiff. Plaintiff's counsel is experienced in prosecuting PAGA lawsuits. Counsel for the Defendant is experienced in defending PAGA cases. Based on the parties' own independent investigations and evaluations, the parties and their respective counsel are of the opinion that the Settlement for the consideration and on the terms set forth in the Agreement are fair, reasonable and adequate and are in the best interests of Plaintiff, the Aggrieved Employees, the State, and Defendant in light of all known facts and circumstances and the risks inherent in litigation, especially in this post pandemic era, where businesses are struggling to remain afloat, much less prosper and make a large profit. MM, ¶ 11.

2. <u>The Extent of Investigation and Discovery Completed Provided Ample Information to Enter into an Informed and Reasonable Settlement</u>

Plaintiff considered various sources of information in the lead-up to and during the mediation of November 12, 2025 that enabled him to achieve the PAGA Settlement at issue. MM, ¶ 20. Among other things, Plaintiff considered the following:

- Defendant produced and Plaintiff's counsel reviewed Plaintiff's personnel file.
- Plaintiff's counsel requested that Defendant provide any and all policies regarding overtime and double-time wages, off the clock work, expense reimbursement, meal periods, rest breaks, meal period waivers and agreements, compensation plans, and complaints about working conditions in effect during the relevant time period beginning in December of 2022. Defendant produced those policies as part of its employee handbook.
- Plaintiff's counsel requested that Defendant provide the total number of employees, paychecks, and the pay cycles during the relevant PAGA Period. Plaintiff's counsel calculated these figures from the time and pay records produced by Defendant.
- Defendant provided Plaintiff's counsel with time and pay records for the Aggrieved Employees during the relevant PAGA Period. Plaintiff's counsel retained a professional data analyst to examine the records to determine the meal period violation rates, if there was any pay discrepancy in timesheet hours versus paid hours, and if there was any rounding/time shaving issues.

- Plaintiff's counsel analyzed the state of caselaw on PAGA claims, meal and rest break violations, claims for "off the clock" work and business expense reimbursement, especially as it relates to "manageability" arguments brought up by the defense.

MM, ¶ 20.

3. <u>The Settlement Is Fair and Reasonable Based on the Risks and Costs of Further Litigation</u>

Based on the time and pay records produced by Defendant, there were approximately 68 Aggrieved Employees who worked approximately 4,165 weekly pay periods during the PAGA Period. Based on this information, Plaintiff's counsel prepared an estimate of the maximum possible civil penalties under the PAGA. MM, ¶ 21. The maximum possible civil penalties under the PAGA is the total number of pay periods with one or more violations multiplied by the maximum possible civil penalty amount per pay period.

Under the civil penalty formulas applicable under PAGA, Plaintiff's counsel estimated a maximum possible exposure of approximately $606,850 for civil penalties for Plaintiff's strongest disputed claims of failure to provide meal and rest periods. Since the total number of weekly pay periods in the PAGA period was 4,165, the maximum exposure for meal break violations would be $190,350, which is calculated as $50 penalty multiplied by 3,807 pay periods. The maximum exposure for rest break violations would equate to $416,500 ($100 penalty per pay period multiplied by 4,165 pay periods to consider). As such, the aggregate maximum exposure for meal break and rest break claims would be $606,850. The maximum exposure is based on a 100% violation rate and presumes that the Court will not reduce the penalty award as unjust, arbitrary, oppressive, or confiscatory. MM, ¶ 22.

There are risks to Plaintiff's meal and rest period claims. MM, ¶ 23. Defendant contends that, to establish a violation for missed meal periods, a plaintiff must do more than show that a meal break was not taken. *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004. So long as an employer provides employees with a "reasonable opportunity" to take a duty-free meal period, it has no further duty to "police meal breaks and ensure no work thereafter is performed." *Id.* at 1040-41. Instead, a plaintiff must show the employer impeded, discouraged, or prohibited the employee from taking a proper break, or otherwise failed to release the

employee of all control. Id. "Thus, the crucial issue with regard to the meal break claim is the reason that a parti7cular employee may have failed to take a meal break." *Washington v. Joe's Crab Shack* (N.D. Cal. 2010) 271 F.R.D. 629, 641. Determining by a review of Defendant's time records the exact reasons why a meal period appears to be short or late would be difficult and pinpointing those days in which Plaintiff and the Aggrieved Employees worked during their meal periods will be a challenge. Moreover, JMG's Employee Handbook contains legally compliant meal period and rest break policies. MM, ¶ 23.

Defendant contends it provided its non-exempt employees with the opportunity to take rest breaks in accordance with California law, and, accordingly, that Plaintiff's rest break claim has no support. Additionally, there are other risks to Plaintiff's rest period claim. Employers are not required to record rest periods and such periods are paid. Unlike meal periods, where there are often records showing whether an employee clocked out or not, there is no such evidence to prove a missed rest period or that the employer refused to authorize and permit one. MM, ¶ 24.

As it relates to Plaintiff's other claims, and unlike the arguments for meal/rest period violations, there would be issues with proof. There are risks to Plaintiff's claim for unreimbursed expenses. Plaintiff alleges that Defendant did not reimburse him or the other Aggrieved Employees for use of their personal phones for business-related purposes. Moreover, there is a risk that the Court may consider Plaintiff's claims as to Defendant's alleged failure to indemnify for business expenses to be individual in nature. As such, Plaintiff's Counsel had to significantly discount the value of this claim during settlement negotiations. Plaintiff's other claims for violations of Labor Code sections 203, 204, and 226 (for not being paid all wages owed every pay period or at the end of employment as well as not receiving accurate, itemized wage statements) would not be triggered since they are derivative claims. Based on the above analysis, a gross settlement in the amount of $100,000, which represents approximately 16% of the maximum penalty calculation of $606,850, is a very good result, especially in light of the risk factors as discussed above. MM, ¶ 25.

Moreover, Plaintiff's counsel is unaware of any California State court decision awarding a plaintiff and the other Aggrieved Employees he represents multiple civil penalties for the same

pay period under different Labor Code provisions. As such, one of the risks Plaintiff faces is that the Court would refuse to "stack" civil penalties arising under the various Labor Code statutes. Plaintiff's counsel had to substantially discount the value of these claims in the settlement negotiations for this and a variety of other reasons. At best, Plaintiff could hope to recover one penalty for each pay period (regardless of the different Labor Code violations that potentially occurred for the same employee, during the same pay periods). MM, ¶ 26.

Additionally, PAGA states a court has discretion to award a lesser amount than the maximum penalty. *See Lab. Code,* § 2699, subd. (e)(2) ("…a court may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory."); *see also Thurman v. Bayshore Transit Management, Inc.* (2012) 203 Cal.App.4th 1112, 1135 (reducing PAGA award). There is a substantial risk that the Court could reduce civil penalties to an insignificant amount if it is unpersuaded by Plaintiff's evidence of willful and intentional conduct. MM, ¶ 27. *Carrington v. Starbucks* (2018) 30 Cal.App.5th 504 ("*Carrington*") illustrates this. In that case, the Court of Appeal affirmed a trial court's heavily discounted award of only $5 per violation because it was within the Court's discretion to significantly reduce PAGA penalties even when there is a finding that a violation of the California Labor Code occurred. The plaintiff in *Carrington* had requested penalties in excess of $70 million and was successful in proving the PAGA claim during a bench trial. However, the trial court reduced the total award after trial to only $150,000 (30,000 violations x $5) and stated that this reduction was warranted because imposing the maximum penalty would be "unjust, arbitrary, and oppressive", based on Starbucks's "good faith attempts" to comply with meal break obligations and because the Court found the violations were minimal. Applying the same formula here and assuming there was one violation during each pay period, the award of civil penalties could not exceed $20,825 in PAGA penalties (4,165 violations x $5). As such, this Settlement is a great result based solely on the risk the Court chooses to apply the *Carrington* formula. Defendants have also posed formidable defenses to the Labor Code claims underlying Plaintiff's allegations. Thus, the chance of Plaintiff recovering a higher amount than the Gross

Settlement Amount is uncertain. MM, ¶ 27.

The Parties further recognize that the issues presented in the representative PAGA claim are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate to the maximum potential benefits to the Aggrieved Employees and Plaintiff from continued litigation. MM, ¶ 28.

The settlement of the representative PAGA claim involves monetary relief to all Aggrieved Employees, Plaintiff, his attorneys, and the State of California. The Settlement is reasonable given the uncertainties this lawsuit entails. It is also reasonable given the structure and purpose of the PAGA, since the PAGA is not a restitution statute. Rather, it is essentially a punishment statute. It provides for civil penalties only. Within the PAGA framework he is bound by, Plaintiff, considering the evidence he faced, achieved a good result for the employees concerned. Furthermore, any employees who are dissatisfied with the amount they received in civil penalties can pursue any damages they believe they are owed by the Defendant. The Settlement does not require them to opt out to do so. MM, ¶ 29.

Furthermore, Plaintiff recognizes that continued litigation presents significant risks that support a significant downward departure from Plaintiff's estimated civil penalties amount. In view of the risks, the Settlement represents a fair, adequate, and reasonable compromise amount for these claims and is in the best interest of Plaintiff and Aggrieved Employees and thus, warrants approval. *See Laguna v. Coverall N. Am., Inc.*, Case No. 12-55479 (9th Cir. June 3, 2014) 2014 WL 2465049, * 3. The PAGA settlement and its terms are fair, just, reasonable, adequate, and equitable to Defendants, Plaintiff, and the State, especially in light of the current economic climate, and are the product of good faith, and informed arms-length negotiations between the Parties consistent with public policy and fully comply with applicable provisions of law. MM, ¶ 30.

As such, the settlement of PAGA penalties in the gross sum of $56,459.99, of which 75% of the net amount after attorney's fees, litigation costs, and settlement administration costs ($42,344.99) will be paid to the LWDA and 25% ($14,115.00) will be distributed to the

Aggrieved Employees, is reasonable and appropriate under the circumstances. MM, ¶ 31.

4. Each PAGA Employee Will Be Paid Based on the Potential Extent of His or Her Injury Compared to Other Aggrieved Employees

Each PAGA Employee will receive a portion of the civil penalties on a pro-rata basis depending on the number of pay periods Defendant employed them for during the PAGA Period. Agreement, ¶ 3.2.3.1. With a total of 68 Aggrieved Employees, the average estimated Individual PAGA Payment for each Aggrieved Employee is approximately $207.57 (25% of the estimated PAGA Penalties of $56,459.99) / 68 Aggrieved Employees). This is a very good result given the uncertainties this lawsuit entails. MM, ¶ 32.

5. Counsel for the Parties Are Experienced in Similar Litigation

Plaintiff's counsel has considerable experience in wage and hour litigation and is qualified to evaluate the PAGA claims, the value of settlement versus moving forward with litigation, and viability of possible affirmative defenses. *See* MM, ¶¶ 14-18, 38. Similarly, Defendant's counsel, Jeffrey A. Hacker of Hacker Law Group, have broad experience in handling employment matters and wage and hour litigation. MM, ¶ 38.

6. The Proposed PAGA Counsel Fees Payment and Expenses Payment Are Fair, Adequate, and Reasonable and Should Be Approved.

Of the $100,000 allocated towards the GSA, Plaintiff's counsel requests $33,333.33 (one third of the GSA) in attorney's fees and $6,706.68 in litigation costs, which is fair and reasonable. MM, ¶ 36-37.

It is an accepted practice in wage and hour class action settlements to award attorneys' fees to Plaintiff's counsel based on a percentage of the total settlement value agreed upon by the parties. California courts have long recognized that an appropriate method for awarding attorneys' fees in class actions is to award a percentage of the common fund. (*Serrano v. Priest* (1977) 20 Cal.3d 25, 48-49 ["when a number of persons are entitled in common to a specific fund, and an action brought by a plaintiff or plaintiffs for the benefit of all results in the creation or preservation of that fund, such plaintiff or plaintiffs may be awarded attorney's fees out of the fund"]; *Wershba v. Apple Computer, Inc*. (2001) 91 Cal.App.4th 224, 254; *Lealao v. Beneficial California, Inc.*

(2000) 82 Cal.App.4th 19, 26-30.)

California courts have the discretion to employ (or decline to employ) a "lodestar cross-check" on a request for a percentage of the fund award. *Laffitte v. Robert Half Intern*, *Inc*. (2016) 1 Cal. 5th 480, 505 ("*Laffitte*"). However, the California Supreme Court in *Laffitte* has now made clear that this cross-check is not required and approved one-third of the class action settlement fund as reasonable attorney fees as "[t]he percentage of the fund method survives in California class action cases...." *Id. at 506.* As other courts have acknowledged since *Laffitte, "*California courts routinely award attorneys' fees of one-third of the common fund." *Lopez v. Mgmt. & Training Corp*., 2020 U.S. Dist. LEXIS 70029. The *Lopez* court explained that it need not "engage in a full-blown lodestar analysis when the primary basis remains the percentage method…" The lodestar calculation is merely a "useful perspective on the reasonableness of a given percentage award." *Id. See also Austin v. Foodliner, Inc.*, 2019 U.S. Dist. LEXIS 79638 ("Trial courts 'also retain the discretion to forgo a lodestar cross-check and use other means to evaluate the reasonableness of a requested percentage fee.'" *Id.* (citing *Laffitte*)).

"[R]egardless whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery." (See *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 66, fn.11 ("*Chavez*")); *In re Pacific Enter. Sec. Litig.* (9th Cir. 1995) 47 F.3d 373, 379 ("*Pacific*") [affirming 33% fee award]; *Williams v. MGM-Pathe Communications Co.* (9th Cir. 1997) 129 F.3d 1026, 1027 ("*MGM*") (awarding 33% of total fund amount).) This is also consistent with Plaintiff's Counsel's experience in wage and hour class and PAGA settlements. MM, ¶ 36.

Plaintiff's counsel's previous experience in litigating wage and hour class and representative actions and the caliber of opposing counsel also support the reasonableness of the fee request. MM, ¶ 38. The award of attorneys' fees sought is also justified by the contingency nature of the attorney-client relationship, the risks of non-payment and non-reimbursement, the delay in payment and cost reimbursement, and the great result Plaintiff's Counsel has achieved for the Aggrieved Employees. *Id.*

In addition, Plaintiff's Counsel incurred substantial costs, $6,706.68 to date, including the

costs of a mediator, to aid in the representation of the Aggrieved Employees. MM, ¶ 39, Ex. 5. As the evidence submitted herewith shows, all of these costs are documented and reasonably incurred. *Id*. Accordingly, they warrant the Court's approval.

7. <u>The Proposed Settlement Administration Costs Are Fair and Reasonable and Should Be Approved.</u>

With regard to the settlement administration costs provision, it is reasonable. Before agreeing to Phoenix Settlement Administrators ("Phoenix"), the Parties sought and reviewed bids from other reputable third-party administrators and Phoenix' bid was the lowest. MM, ¶ 40, Ex. 6. *See generally Declaration of Michael E. Moore.* Thus, the settlement administration costs provision should be given approval.

V. CONCLUSION

For the reasons stated above, this Court should grant the Plaintiff's Motion in its entirety and adopt the proposed order submitted concurrently herewith.

Respectfully submitted,

Dated: November 6, 2026

MM LAW, APC

By: _____
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