Kane Moon (SBN 249834)
kmoon@moonlawgroup.com
Allen Feghali (SBN 301080)
afeghali@moonlawgroup.com
S. Phillip Song (SBN 326572)
psong@moonlawgroup.com
Morgan W. Simpson (SBN 337325)
msimpson@moonlawgroup.com
MOON LAW GROUP, PC
725 S. Figueroa St., Suite 3100
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125

Attorneys for Plaintiff GUADALUPE LOPEZ

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

GUADALUPE LOPEZ, individually, and on behalf of all others similarly situated, Plaintiff, vs. ISTAFFING, INC., a California corporation; ISTAFFING PARTNERS, INC., a California corporation; and DOES 1 through 10, inclusive, Defendants	Case No.: 30-2024-01383579-CU-OE-CXC REPRESENTATIVE ACTION **PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT AGREEMENT AND RELEASE** [Filed with (1) the Declaration of Kane Moon, (2) the Declaration of Plaintiff, (3) the Lawrence Declaration re: Qualifications and Costs for Settlement Administration, (4) [Proposed] PAGA Approval Order, and (5) [Proposed] Judgment] PAGA APPROVAL HEARING: Date: March 27, 2026 Time: 9:00 a.m. Dept.: CX101 Judge: William D. Claster **Reservation #: 74789223** Action filed: March 1, 2024 Trial date: Not set

TO THIS HONORABLE COURT, TO ALL PARTIES, AND TO COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on __________, 2026, at ___ a.m. in Department CX101 of the Orange County Superior Court, 751 West Santa Ana Blvd., Santa Ana, California 92701, Plaintiff Guadelupe Lopez ("Plaintiff") will, and hereby does, move the Court for an Order and Judgment, pursuant to California Labor Code sections 2698, *et seq.*, as follows:

1. Approving the PAGA Settlement Agreement and Release ("Settlement") between Plaintiff and Defendants iStaffing, Inc. and iStaffing Partners, Inc.;
2. Appointing Kane Moon, Allen Feghali, S. Phillip Song, and Morgan W. Simpson of Moon Law Group, PC as PAGA Counsel;
3. Approving the requested Attorney's Fees of $66,666.67, subject to potential increase under an escalator clause;
4. Approving the requested Attorney's Costs of $14,606.50;
5. Appointing Plaintiff as the PAGA Representative and approving a $7,500.00 Incentive Award to her;
6. Appointing Phoenix Class Action Administration Solutions as the Settlement Administrator and approving a $3,750.00 as the Settlement Administration Costs;
7. Approving the scope of Plaintiff's Release, the Released Claims, and Released Parties;
8. Approving a non-reversionary Gross Settlement Amount of $200,000.00;
9. Approving $107,476.83 for the PAGA Payment as settlement of the Released Claims, subject to potential increase pursuant to the escalator clause, to be distributed as 75% (at least $80,607.62 to the LWDA) and 25% (at least $26,869.21 to PAGA Employees);
10. Directing consummation of the Settlement pursuant to its terms and provisions;
11. Entering Judgment and dismissing the above-captioned action with prejudice; and
12. Retaining jurisdiction over the Parties, this action, and this Settlement, including following any entry of Judgment for purposes of enforcement, interpretation, settlement administration, and any post-Judgment issues that arise.

This Motion is based upon this notice, the attached Memorandum of Points and Authorities, the declarations and exhibits filed concurrently herewith, the records and files in this action, and any other further records or argument that the Court may properly receive at or before the hearing.

Respectfully submitted,

DATED: March 2, 2026

MOON LAW GROUP, PC

By:______________________________________

Kane Moon
Allen Feghali
S. Phillip Song
Morgan W. Simpson
Attorneys for Plaintiff

TABLE OF CONTENTS

TABLE OF AUTHORITIES

FEDERAL CASES

STATE CASES

STATUTES

OTHER AUTHORITIES

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Guadelupe Lopez ("Plaintiff") seeks approval of a non-reversionary $200,000.00 gross settlement of claims for civil penalties alleged pursuant to the California Private Attorneys General Act, Labor Code sections 2698, *et seq.* ("PAGA"). After a full day of mediation with experienced and neutral mediator Hon. Carl West (ret.), and months of extended settlement negotiations, Plaintiff reached a resolution with Defendants iStaffing, Inc. and iStaffing Partners, Inc. ("Defendants") (collectively, Plaintiff and Defendant are the "Parties"). The Parties have executed a PAGA Settlement Agreement and Release (the "Settlement"), a true and correct copy of which is attached as **Exhibit 1** to the Declaration of Kane Moon in Support of Motion for Approval of PAGA Settlement and Release ("Moon Decl.") submitted concurrently herewith. Pursuant to Labor Code section 2699(s)(2), Plaintiff now files this motion seeking an order approving the proposed Settlement.

The Settlement resolves all claims for civil penalties under PAGA that arose during the Settlement Period and that were alleged in the above-captioned matter ("Action"). (Settlement, ¶ B(5).) For purposes of settlement, the "Settlement Period" is December 16, 2022, through February 10, 2026. (*Id.* at ¶ A(10).) This Settlement is on behalf of the California Labor and Workforce Development Agency (the "LWDA"), Plaintiff, and all persons who were employed by Defendants in California as non-exempt, hourly-paid employees at any time during the Settlement Period ("PAGA Employees"). (*Id.*) Plaintiff is unaware of any other pending litigation involving similar claims against Defendant that may be impacted by approval of the Settlement, nor has Defendant pointed to any.

Settlement of a PAGA claim requires court approval. Pursuant to the operative PAGA statute, the "court shall review and approve any penalties sought as part of a proposed settlement agreement pursuant to this part." (Lab. Code § 2699(s)(2).) In deciding whether to grant approval of a proposed settlement, the primary issue to be decided is whether the settlement is fair, adequate, and reasonable. Specifically, the issue is whether the PAGA penalties to which the parties have agreed provide "genuine and meaningful" relief that is "consistent with the underlying purpose of the statute to benefit the public," and whether the penalties are reasonable in light of the potential verdict value in this case. (*Villalobos v. Calandri Sonrise Farm LP* (C.D. Cal. July 22, 2015) No. CV 12-2615 PSG (JEMx), 2015 WL 12732709, at *5; *see also O'Connor v. Uber Techn., Inc.* (N.D. Cal. 2016) 201 F.Supp.3d 1110, 1135.)

As set forth herein, the proposed Settlement embodies all the features of a settlement that is fair, adequate, and reasonable, as (1) it is the product of an arm's-length negotiation, (2) negotiated by attorneys experienced in wage and hour litigation, (3) following sufficient investigation necessary to evaluate the relative strength and value of the PAGA claims, and (4) reflects a reasoned compromise based directly on the relative strength and value of the PAGA claims, as well as the risks, expense, complexity, and likely duration of further litigation.

The meaningful value achieved by the Settlement at issue may be gleaned from the fact that the LWDA and the estimated **173** PAGA Employees will, cumulatively, receive no less than **$107,476.83** as the PAGA Payment. (Moon Decl., ¶ 21.) This is a significant recovery, not only because further litigation may have resulted in a net-zero recovery based on the facts of the case and defenses asserted by Defendant, but also because an investigation by experienced PAGA counsel and analysis of discovery revealed minimal identifiable violations, the discretionary nature of awarding PAGA penalties, and the risk of not being able to proceed on a representative basis at all due to the potential manageability issues and current state of the law. For these reasons, as set forth more fully below, Plaintiff respectfully requests the Court enter the proposed order and proposed judgment submitted concurrently herewith.

II. SUMMARY OF THE LITIGATION AND SETTLEMENT

A. Plaintiff's Claims and Procedural Background

Defendants are employment agencies doing business in the State of California. (Moon Decl., ¶ 4.) Plaintiff worked for Defendants as a recruiter from approximately March 2023 to October 2023. (*Id.*) Throughout her employment, Plaintiff was classified as non-exempt and paid on an hourly basis. (*Id.*) Plaintiff contends she and her former coworkers were subjected to the same or similar unlawful labor practices during their employment by Defendant, including failure to pay all wages. (*Id.*)

Plaintiff's claims for unpaid wages stems from allegations of Defendant's failure to pay employees all minimum, overtime, sick pay, and regular rate wages owed, including due to Defendant's failure to compensate employees for on-call time and off-the-clock work, and Defendant's failure to incorporate all remunerations into the regular rate of pay. (*Id.* at ¶ 5.) Plaintiff's meal and rest period claims are based on allegations that due to the nature of their work and Defendant's employment practices, employees regularly experienced missed, untimely, or interrupted breaks, and that Defendant failed to provide any premiums for non-compliant rest breaks or all premiums for non-compliant meals. (*Id.*) Plaintiff also alleges that Defendant failed to reimburse employees for all reasonable and necessary business expenses incurred, including expenses incurred for the use of employees' personal cellphones, computers, and internet for work purposes. (*Id.*) Plaintiff further alleges she and other employees did not receive all wages owed at the time of termination nor accurate itemized wage statements due to Defendant's failure to pay all wages and premiums. (*Id.*) Accordingly, Plaintiff alleges Defendant is liable for civil penalties under PAGA. (*Id.*)

Because of the foregoing alleged violations of the Labor Code, pursuant to PAGA, on December 16, 2023, Plaintiff submitted notice of the alleged Labor Code violations to the California Labor and Workforce Development Agency (the "LWDA"), with certified mail service on Defendant, and paid the required filing fee. (*Id.* at ¶ 6, Ex. 2.) The administrative exhaustion period under PAGA expired without the LWDA indicating any intent to investigate the allegations. (*Id.*) Accordingly, Plaintiff is duly authorized to act as a private attorney general with respect to the PAGA claims involved in this action. (*Id.*)

Thereafter, on March 1, 2024, Plaintiff filed a Representative Action Complaint to allege a single cause of action for civil penalties under PAGA based on the allegations (the "Operative Complaint") (*Id.* at ¶ 7.) In compliance with Labor Code section 2699(s)(1), Plaintiff subsequently submitted to the LWDA a file-stamped copy of the Operative Complaint containing the Court-assigned case number. (*Id.* at ¶ 8.) To date, the LWDA has not sought to intervene in this action. (*Id.*) After this action was filed, on July 26, 2024, pursuant to a valid and enforceable arbitration agreement between the Parties, Plaintiff submitted her individual claims to arbitration. (*Id.* at ¶ 9.) On September 23, 2024, pursuant to Plaintiff's request, the Court dismissed the incorrectly named defendant iStaffing Partners, Inc. from this Action. (*Id.*) For settlement purposes only and concurrent with the filing of Plaintiff's Motion for Approval of PAGA Settlement, the Parties stipulated to add Defendant iStaffing Partners, Inc. as a defendant to the action. (*Id.*)

Defendant ardently opposes the merits of this case and denies Plaintiff's factual allegations. (*Id.* at ¶ 10.) Defendant argues all employees were properly paid for all hours worked, that its control for on-call hours was not such that it required compensation of employees, and that it did not require or permit employees to work off-the-clock. (*Id.*) As for the regular rate claim, Defendant argues there was no issue with paying employees the proper regular rate of pay because any additional remuneration was discretionary and thus, not required to be incorporated into the regular rate of pay. (*Id.*) Defendant maintains all employees were provided with the opportunity to take all their code-compliant meal and rest breaks and that missed breaks, if any, were solely the result of employees' voluntary choice. (*Id.*) As for the unreimbursed business expenses, Defendant maintains it did not require employees to incur any business-related expenses. (*Id.*) To the extent employees received wage statements that were allegedly inaccurate, Defendant argues penalties are not warranted because employees suffered no actual damage or harm as a result. (*Id.*; *see, e.g.*, *Angeles v. U.S. Airways, Inc.* (N.D. Cal. Feb. 19, 2013) No. C 12–05860 CRB, 2013 WL 622032, at *10 ["A plaintiff must adequately plead an injury arising from an employer's failure to provide full and accurate wage statements, and the omission of the required information alone is not sufficient."].) Additionally, Defendant alleges its good-faith belief that it paid all wages precludes the imposition of waiting time penalties because Plaintiff would be unable to show Defendant's alleged conduct was done willfully or knowingly. (Moon Decl., ¶ 10; *see, e.g.*, *Pedroza v. PetSmart, Inc.* (C.D. Cal. June 14, 2012) No. ED CV 11–298 GHK (DTBx), 2012 WL 9506073, *5.) For these reasons, Defendant claims it did not engage in any unfair business practices and denies liability under PAGA. (Moon Decl., ¶ 10.) Defendant also maintains the claims are not susceptible to proof on a representative basis because of the individualized and varying nature of each employee's experience, making this matter unmanageable. (*Id.*)

B. <u>Discovery and Investigation</u>

Before initiating arbitration regarding Plaintiff's individual claims, the Parties agreed to an early mediation of the representative PAGA claims. (*Id.* at ¶ 11.) The Parties engaged in informal discovery exchange prior to mediation. (*Id.*) Defendant provided information and documents, which enabled Plaintiff's Counsel to meaningfully investigate Plaintiff's allegations and assess the value of the PAGA claims. (*Id.*) Specifically, Defendant produced Plaintiff's personnel file and her time and payroll records, documents regarding Defendant's written policies and practices in effect during the relevant period, and time and corresponding payroll records for approximately 20% of all PAGA

Employees. (*Id.*)

Prior to mediation, Plaintiff's Counsel reviewed and analyzed all the information that Defendant produced, including the time/pay records and Defendant's written policies, in conjunction with information provided by Plaintiff. (*Id.* at ¶ 12.) Plaintiff's Counsel retained an expert to analyze the time/pay records and prepare a damage analysis prior to mediation. (*Id.*) The time/pay records contained 7,002 shifts actually worked (approximately 16% of all shifts during the Settlement Period), which allowed the expert to prepare an analysis with a high degree of certainty. (*Id.*) Further, Plaintiff's Counsel investigated the applicable law regarding the claims and defenses asserted in this action. (*Id.*) Accordingly, Plaintiff's Counsel were able to evaluate the probability of success on the merits and Defendant's monetary exposure. (*Id.*) In sum, Plaintiff and her Counsel's familiarity with the facts of the case and the legal issues involved allowed them to act intelligently in negotiating the Settlement. (*Id.*)

C. <u>Settlement Negotiations</u>

On December 10, 2025, the Parties participated in a full day of private mediation facilitated by the Hon. Carl West (ret.), an experienced PAGA action mediator. (*Id.* at ¶ 13.) The negotiations were at arm's length and although conducted in a professional matter, were adversarial. (*Id.*) Both sides went into the mediation willing to explore the potential for a settlement of the dispute, but they were also prepared to litigate their position through trial and appeal if a settlement had not been reached. (*Id.*) Negotiations were protracted, with extended discussions and instances in which it appeared the Parties would not reach a resolution. (*Id.*) Following a full discussion of the strengths and weaknesses of the claims and defenses, the Parties ultimately reached a resolution, the material terms of which are encompassed within the Settlement at issue. (*Id.*)

In reaching a resolution, the Parties recognized that the issues presented in this action are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will lead to inconvenience, distraction, disruption, delay, and expense disproportionate to the potential benefits of litigation. (*Id.* at ¶ 14.) Plaintiff and her Counsel also considered the risk and uncertainty of the outcome inherent in any litigation when determining whether this Settlement was the correct option. (*Id.*) In sum, Plaintiff and her Counsel believe the proposed Settlement is in the best interests of PAGA Employees and the LWDA. (*Id.*) In compliance with Labor Code section

2699(s)(2), notice of settlement and a copy of the proposed Settlement has been submitted to the LWDA along with a copy of Plaintiff's motion and the hearing date. (*Id*. at ¶ 15, Ex. 3.) To date, the LWDA has not indicated any objection to the Settlement. (*Id.* at ¶ 15.)

D. <u>Key Terms of the Proposed Settlement</u>

The Settlement's key financial and other terms include:

1. <u>Gross Settlement Amount, Funding, Disbursement, and Uncashed Checks</u>. The Gross Settlement Amount ("GSA") is $200,000.00 and is non-reversionary. (Settlement, ¶¶ A(6), C(12) [Any uncashed funds will not revert to Defendants but will be transmitted to the California's Unclaimed Property Fund.].) Defendant's settlement funding contribution will be due in two installments: 1) one-third of the Gross Settlement Amount is due within sixty (60) days of the Effective Date of the Settlement, and 2) the remaining balance is due six (6) months after the first payment. (*Id.* at ¶ C(7).) The "Effective Date" means the date (i) the Court has approved the Settlement; and (ii) the Court has issued the Final Order and entered Judgment in accordance with the terms described in the Settlement. (*Id.* at ¶ A(5).) Disbursement will occur within ten (10) days after Defendant fully funds the GSA. (*Id.* at ¶ C(8)–(12).) Any funds remaining uncashed after 180 days from issuance will be transmitted to the California State Controller's Office, to be held pursuant to the Unclaimed Property Law in the name of each individual who failed to cash his or her check prior to the void date. (*Id.* at ¶ C(12).)

2. <u>Escalator Clause</u>: The GSA was negotiated based on an estimate that as of the date of the Parties' mediation, there are 8,800 aggregate PAGA Pay Periods. (*Id.* at ¶ B(2)(f).) The Settlement includes an Escalator Clause whereby should the actual number of PAGA Pay Periods exceed the 10% of the estimated count (9,680 Pay Periods), Defendant agrees to either (1) make a proportional increase to the GSA by the percentage increase for each additional PAGA Pay Period above the escalator (e.g. if the number of pay periods increases by 11%, the Gross Settlement Amount will increase by 1%), or (2) modify the final day of the Settlement Period such that no more than 9,680 PAGA Pay Periods are included in the Settlement. (*Id.*) The Parties will inform the Court through a supplemental declaration or at the hearing whether the Escalator Clause has been triggered. (Moon Decl., ¶ 17.)

3. <u>Incentive Award</u>. The Settlement includes an Incentive Award to Plaintiff in an amount up to $7,500.00, payable from the GSA. (Settlement, ¶ A(7).) This payment is in recognition of Plaintiff

having initiated the action and her services provided and role in the action. (*Id.*) In the event the amount approved by the Court is less, the difference will be allocated to the PAGA Payment. (*Id.* at ¶ B(2)(d).)

4. Attorneys' Fees and Costs. The Settlement includes attorneys' fees in an amount up to one-third (33%) of the GSA (i.e., at least $66,666.67), plus reimbursement for out-of-pocket litigation costs not to exceed $20,000.00, payable to Plaintiff's Counsel from the GSA. (*Id.* at ¶ B(2)(a)–(b).) In the event actual costs are less and/or the amount of fees and costs approved by the Court are less than the amounts requested, the difference will be allocated to the PAGA Payment. (*Id.*) Plaintiff's Counsel have incurred **$14,606.50** in expenses litigating this action without any reimbursement.[1] (Moon Decl. ,¶ 19, Ex. 4.)

5. Settlement Administration Costs. The Settlement provides for Settlement Administration Costs paid to the Administrator, payable from the GSA, in an amount up to $10,000.00, for its fees and expenses in administering this Settlement. (*Id.* at ¶ B(2)(c).) In the event the amount of actual administration costs is less and/or the amount approved by the Court is less than requested, the difference will be allocated to the PAGA Payment. (*Id.*) Following a competitive bidding process, the Parties jointly selected Phoenix Clas Action Administration Solutions ("Phoenix") as the neutral entity to administer this Settlement. (*Id.* at ¶ A(16); Moon Decl., ¶ 20, Ex. 5; Declaration of Jodey Lawrence on Behalf of Phoenix Class Action Administration Solutions Re: Qualifications and Costs for Settlement Administration ["Lawrence Decl."], ¶ 23, Ex. B.)

6. PAGA Payment. After deducting the Incentive Award, Attorney's Fees and Attorney's Costs, and Settlement Administration Costs from the GSA, in the amounts specifically approved by the Court, any difference in the amounts requested and the amounts awarded will be allocated to the PAGA Payment as PAGA Penalties. (*Id.* at ¶ B(2)(e).) Accordingly, the PAGA Payment is estimated to be no less than **$107,476.83,**[2] which will be distributed 75% (i.e., 75% * $107,476.83 = **$80,607.62**) to the

[1] The cost report includes a filing cost for Defendant iStaffing Partners Inc.'s answer to the complaint for $1,495.04. (Moon Decl., ¶ 19, n.1, Ex. 4.) On or about September 13, 2024, the Parties stipulated to the dismissal of Defendant iStaffing Partners, Inc. (*Id.* at ¶ 19, n.1.) On or about October 2, 2024, Defendant iStaffing Partners Inc. sought to recover a total of $1,495.04 in costs associated with the filing of its answer to the complaint. (*Id.*) On or about October 17, 2024, Plaintiff subsequently filed a Motion to Strike Costs and the Court denied the motion on November 15, 2024. (*Id.*) For settlement purposes only, the Parties have stipulated to add Defendant iStaffing Partners, Inc. as a defendant to the action. (*Id.*)

[2] The estimated PAGA Payment was calculated by deducting the following amounts from the GSA

LWDA and 25% (i.e., 25% * $107,476.83 = **$26,869.21**) to PAGA Employees pursuant to PAGA law governing Plaintiff's claims.[3] (Moon Decl., ¶ 21.)

7. Individual PAGA Payments. Each PAGA Employee will be entitled to his or her pro rata amount from the 25% share of the PAGA Payment that is directly proportional to the number of pay periods worked in the Settlement Period without having to submit any claim form. (*Id.* at ¶ C(12).) This results in an average Individual Settlement Payment of roughly **$155.31** for each of the estimated 173 PAGA Employees ($26,869.21 / 173), and a PAGA Pay Period value of **$3.05** for each of the 8,800 estimated PAGA Pay Periods ($26,869.21 / 8,800). Individual Settlement Payments will be allocated to 100% penalties for tax purposes. (*See id.* at ¶ C(14).) PAGA Employees will receive an explanatory notice with their payment. (*Id.* at ¶ A(9), Ex. A.)

8. Plaintiff's Release. Upon entry of final judgment and funding of the Gross Settlement Amount in full, Plaintiff will release and forever discharge Defendant and Defendant's present and former trustees, officers, owners, parent companies, agents, employees, affiliated entities, insurers, attorneys, successors, assigns, and customers, from all claims, causes of action, charges, complaints, obligations, costs, losses, damages, injuries, attorneys' fees, and other legal responsibilities, of any form whatsoever (hereinafter "Claims"), whether known or unknown, unforeseen, unanticipated, unsuspected or latent, which Plaintiff now owns or holds, or have at any time heretofore owned or held, or may at any time own or hold by reason of any matter or thing arising out of or in any way related to the relationship between the parties including, but not limited to, any rights or obligations arising from her employment. (*Id.* at ¶ B(3).) This includes but is not limited to the release of all rights and claims Plaintiff may have under:

($200,000): $7,500.00 for the Incentive Award, $14,606.50 for the Attorney's Costs, $66,666.67 for the Attorney's Fees, and $3,750.00 for the Settlement Administration Costs. (Moon Decl., ¶ 21, n.2; *see* Settlement, ¶ A(12).)

[3] On July 1, 2024, new legislation was enacted to amend PAGA in several respects, including as to the recovery split for civil penalties. (Stats. 2024, ch. 44 (Assem. Bill No. 2288), § 1, eff. Jul. 1, 2024).) As amended, PAGA now provides for a 65%-LWDA/45%-aggrieved employee split. (Lab. Code § 2699(m).) However, this provision does not apply retroactively prior to June 19, 2024. (*Id.* at § 2699(v)(1).) In other words, because Plaintiff's PAGA Notice was submitted prior to June 19, 2024, any civil penalties recovered in this action will be split according to prior PAGA law (i.e., 75% to the LWDA and 25% to PAGA Employees). (Moon Decl., ¶ 21, n.3.)

a. Anti-Discrimination Statutes, such as the California Fair Employment and Housing Act "FEHA", Government Code 12940 et seq. (prohibits discrimination in employment based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, sexual orientation, marital status, sex, gender, or age); Title VII of the Civil Rights Act of 1964 (prohibits discrimination in employment based on race, color, national origin, religion, sex, or pregnancy); the Civil Rights Act of 1991 (prohibits discrimination); 42 U.S.C. Sec. 1981 (prohibits discrimination); the Age Discrimination in Employment Act ("ADEA"); Executive Order 11246 (prohibits race, color, religion, sex, and national origin discrimination); the Americans With Disabilities Act (prohibits disability discrimination); the Rehabilitation Act of 1973 (prohibits handicap discrimination); and the Equal Pay Act (prohibits paying men and women unequal pay for equal work),

b. Federal and State Employment Statutes, such as the Employee Retirement Income Security Act of 1974 (protects employee benefits); the Family and Medical Leave Act (provides for leaves of absence); the California Family Rights Act (provides for leaves of absence); and the California Business and Professions Code Sec. 17200 (prohibits unfair business practices); the California Labor Code (protects employee wages),

c. Other Laws, such as federal or local laws or regulations prohibiting discrimination in employment or otherwise, enforcing express or implied contracts, requiring employers to deal fairly or in good faith, or restricting an employer's right to terminate employees. Plaintiff also releases any and all other claims, known and unknown, for breach of contract, express or implied; breach of the covenant of good faith and fair dealing; wrongful discharge in violation of public policy; and retaliation, defamation, conspiracy, infliction of emotional distress, invasion of privacy, harassment, assault, battery, misrepresentation, or any other tort; and

d. Benefit Plans, such as any stock option, bonus, incentive compensation, commission, medical, dental, life insurance, retirement, disability, and other compensation or benefit plans.

e. Excluded from this release are, (i) any cause of action under ERISA relating to an employee benefit plan that is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, or that is a medical or health care plan, (ii) any claims that Plaintiff may have against Employer for breach of the terms and conditions set forth in this Agreement, or (iii) any claims that cannot be released as a matter of law (including but not limited to any workers compensation injury claims).

f. Plaintiff acknowledges and agrees that all of Plaintiff's rights under Section 1542 of the Civil Code of California are hereby expressly waived. Said section reads as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Notwithstanding the provisions of Section 1542, and for the purpose of

> implementing a full and complete release and discharge of Claims, Plaintiff expressly acknowledges that this Agreement is intended to include in its effect, without limitations, all Claims which Plaintiff does not know or suspect to exist in Plaintiff's favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any such Claims.

(*Id.* at ¶ B(3)(a)–(4).)

g. Plaintiff alleges that she performed approximately 10 minutes of off-the-clock work per shift. (Moon Decl., ¶ 23.g. This equates to approximately 50 minutes per week (i.e., 0.83 hours per week, based on five shifts per week). (*Id.*) At Plaintiff's hourly rate of $22, this results in unpaid wages of approximately $18.33 per week. (*Id.*) Over 32 weeks, the approximate time period that Plaintiff worked for Defendants, this equals approximately $586.56 in unpaid wages for off-the-clock work. (*Id.*) Plaintiff also reports noncompliant meal periods occurring approximately five times per week. At Plaintiff's rate of $22 per hour, Plaintiff's meal period premium pay totals approximately $110 per week. (*Id.*) Over 32 weeks, this equals approximately $3,520 for meal period premiums. (*Id.*) Plaintiff further reports that her rest breaks were interrupted and/or not provided in accordance with California law at least five times per week. (*Id.*) At Plaintiff's rate of $22 per hour, Plaintiff's rest period premium pay totals approximately $110 per week. (*Id.*) Over 32 weeks, this equals approximately $3,520. (*Id.*) As to Plaintiff's claim for unreimbursed business expenses, Plaintiff estimates that she should have been reimbursed at least $10.00 per month for expenses incurred for the use of her personal cellphone, laptop, and internet for work purposes. (*Id.*) Over 8 months, this equals approximately $80. Given Defendant's minimal exposure to Plaintiffs' claims that Defendants failed to compensate her for on-call time and failed to incorporate non-discretionary bonuses into her regular rate of pay for purposes of paying overtime, and sick pay, as discussed paragraph 26 of the Moon Decl., Plaintiff's estimate for these claims is $0.00. (*Id.*) Assuming a $100 civil penalty per pay period during Plaintiff's employment (approximately 16 pay periods), Plaintiff's estimate for civil penalties is approximately $1,600. (*Id.*) As a result, the value of Plaintiff's individual claims is approximately $8,720 ($586.56 + $3,520, $3,520 + $80 + $1,600). (*Id.*)

9. Released Claims. Upon entry of final judgment and funding of the Gross Settlement Amount in full, Plaintiff, as representative on behalf of the State of California and the PAGA Employees, will release the Released Parties from all claims for civil penalties under PAGA arising from the same facts and/or claims alleged in the Operative Complaint as well as those included in Plaintiff's LWDA Notice, including claims under California Labor Code sections 201, 202, 203, 204, 210, 226, 226.7, 227.3, 245, 246, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 2699, 2699.3, 2802, as well as IWC

Wage Orders, including, but not limited to, Wage Orders Nos. 1 and 16, or claims that were pled or that could have been pled based on the facts alleged in the operative Complaint during the Settlement Period. (*Id.* at ¶ B(5).) The "Released Parties" are "Defendant and their past, present and future subsidiaries, parents, affiliated and related companies, divisions, successors, predecessors or assigns; and their past, present, and future officers, directors, shareholders, partners, agents, insurers, employee, advisors, accountants, representatives, trustees, heirs, executors, administrators, predecessors, successors or assigns." (*Id.* at ¶ A(15).)

III. DISCUSSION

A. Availability of Civil Penalties

The LWDA and its constituent departments and divisions are authorized to assess and collect civil penalties for specified violations of the Labor Code committed by an employer. With a stated goal of improving enforcement of existing Labor Code obligations, the California Legislature adopted the Private Attorneys General Act of 2004, permitting, as an alternative, an aggrieved employee to initiate a private civil action on behalf of him- or herself and other current or former employees." (Lab. Code § 2699(a).) Before an employee may file an action seeking to recover civil penalties for violations of any of the Labor Code provisions enumerated in Labor Code section 2699.5, he or she must comply with the Act's administrative procedures as set forth in Labor Code section 2699.3, subdivision (a), which include providing notice to the LWDA and the employer of the alleged Labor Code violations, and then waiting a prescribed period of time to permit the LWDA to investigate and to decide whether to cite the employer for the alleged violations. (*Id.* at §§ 2699.3, 2699.5; *Caliber Bodyworks, Inc. v. Superior Court* (2005) 134 Cal.App.4th 365, 370; *see also Dunlap v. Superior Court* (2006) 142 Cal.App.4th 330.)

Here, in compliance with Labor Code section 2699.3, Plaintiff submitted notice of the Labor Code violations at issue to the LWDA, and she exhausted administrative remedies without the LWDA noticing any intent to investigate the claims. (Moon Decl., ¶ 6, Ex. 2.) Accordingly, Plaintiff is duly authorized to act as a private attorney general pursuant to PAGA. (*Id.* at ¶ 6.)

B. The Settlement Merits Approval

Settlement of PAGA claims must be approved by a Court. (Lab. Code § 2699(s)(2).) Here, the circumstances weigh heavily in favor of approval, as explained below.

1. The Relief Is Genuine, Meaningful, and Consistent with the Dual Statutory Purposes of Deterrence and Punishment under PAGA

The $200,000.00 GSA amounts to "genuine and meaningful" relief "consistent with the underlying purpose of the statute to benefit the public." (Moon Decl., ¶ 34; *see O'Connor*, 201 F.Supp.3d at 1133–35 [denying settlement approval where allocation for PAGA claims was 0.1% of the estimated full worth].) This is an excellent result, particularly because, under the Settlement, PAGA Employees and the LWDA will receive timely, guaranteed relief and will avoid the risk of not being able to recover anything at all. (Moon Decl., ¶ 34.)

The Settlement is a fair and reasonable resolution that satisfies PAGA's dual statutory purposes of deterrence and punishment, on the one hand, and providing PAGA Employees with genuine and meaningful relief, on the other. (Lab. Code §§ 2698, *et seq.*) As a result of this litigation, Defendant has had to hire legal counsel, engage in employee-wide discovery, and participate in mediation. (Moon Decl., ¶ 35.) Assuming approval is granted, Defendant will also have to pay civil penalties pursuant to PAGA. (*Id.*) Not including its own attorneys' fees and costs, Defendant will pay at least $200,000 to resolve this matter—of which at least $107,476.83 is allocated toward PAGA Penalties and will be distributed as 75% to the LWDA and 25% to PAGA Employees, in compliance with PAGA law governing the claims in this action. (*See* Settlement, ¶ 3.2.4.) This amount represents roughly **36.6%** of the realistic exposure for the claims ($107,476.83 / $293,333.33), as discussed below. (Moon Decl., ¶ 35.) Additionally, the release obtained under the Settlement does not preclude PAGA Employees from pursuing any individual (non-PAGA) claims they may have against Defendant or the other Released Parties. (*Id.*; Settlement, ¶ B(5).)

2. The Settlement Amount Provides a Realistic Value for the Claims that is within the "Ballpark" of Reasonableness

There can be no doubt that this Settlement is the result of vigorous, adversarial, non-collusive, and arm's-length negotiations between the Parties. (Moon Decl., ¶ 13.) Plaintiff's Counsel performed an extensive investigation into the facts, claims, and defenses at issue and Defendant's potential liability, including a review of governing law and analysis of informal discovery, including Defendant's written policies and time/pay data for a majority of PAGA Employees. (*Id.* at ¶¶ 11–12.) Plaintiff's Counsel used the foregoing discovery and investigation to prepare for mediation and, with the assistance of a statistics expert, assessed the probability of success on the merits and Defendant's monetary exposure, discussed the strengths and weaknesses of the claims and defenses in depth at mediation and months of continued negotiations, and ultimately negotiated the resulting Settlement. (*Id.* at ¶¶ 11–14.)

Based on Plaintiff's Counsel's analysis of the arguments and information provided by Defendant, on an expert analysis of the time/pay records, and on information from Plaintiff, Plaintiff's Counsel evaluated Defendant's both maximum (*optimistic*) and risk-adjusted (*realistic*) potential exposure in preparation for mediation. (*Id.* at ¶ 25.) Although the expert's analysis revealed that the time and pay records supported several violations by Defendant, those identifiable violations were primary limited to the regular rate and meal period claims. (*Id.*) The records themselves did not provide strong support for the off-the-clock work, rest period, and expense reimbursement claims, and derivative penalties for those claims, as these claims are predominantly testimony based. (*Id.*) In other words, Plaintiff's analysis revealed that certain claims were not as strong as originally believed. (*Id.*)

Because Defendant did not require employees to record rest periods, there are no records to establish the rest period claim on the merits. (*Id.* at ¶ 26.) Additionally, there are no records to establish the off-the-clock work claim, nor the on-call pay claim on the merits. (*Id.*) Rather, proof of these claims would need to be supported by declarations from PAGA Employees regarding missed rest periods, unpaid on-call time, and off-the-clock work as the records themselves cannot demonstrate what breaks were missed, when, and why and they cannot demonstrate the time, if any, PAGA Employees spent working off the clock or on-call and sufficiently under Defendant's control. (*Id.*)

Additionally, the maximum exposure figures that were calculated for mediation were based on assumed high violation rates that would not likely be demonstrated at trial, as they assume either the participation of all PAGA Employees (which would be difficult given the particularly large size of this group), or alternatively, the use of surveys or statistical data as a surrogate (which would still require the participation of a majority of PAGA Employees to establish a sound representation of all non-exempt employees). (*Id.* at ¶ 27.) The reality is that many, if not all, employees would be unwilling to participate due to fear of retaliation. (*Id.*) However, even assuming those employees would be willing to participate, obtaining such declarations would potentially reveal that each Aggrieved Employee had a different experience. (*Id.*) The individualized nature of their employment experience and the numerosity of employees affected present significant risk with manageability and proof on the merits. (*Id.*)

Even as to the regular rate and meal period claims, our analysis found that Defendant's exposure is less than initially believed. (*Id.* at ¶ 28.) As to meal periods, a review of the time/pay records shows only a 20.1% violation rate for Defendant. (*Id.*) The records also show substantial use of meal period waivers by Defendant, which reduces the net violation rate to 12.8%. (*Id.*) As to the regular rate issue, Plaintiff's expert only identified 1 payment that was not factored into the regular rate of pay for purposes of paying sick pay and overtime, resulting in a violation rate of 0.1% violation rate for overtime, and a violation rate of 0.1% for sick pay. (*Id.*) Moreover, these violation rates assume Plaintiff would be able to show the bonus payments were non-discretionary payments that should have been factored into the regular rate (*Id.*)

The likelihood that Defendant could assert viable legal defenses would likely further reduce its overall exposure. (*Id.* at ¶ 29.) For example, the individualized and testimony-intensive nature of the claims could bar manageability of this representative action or otherwise significantly reduce Defendant's overall liability. (*Id.*) Further, a claim-by-claim penalty calculation is overly optimistic as it presumes Plaintiff would be able to stack the penalties. (*Id.* at ¶ 30.) Rather, without either (i) a prior finding by the LWDA or a court within the past five years that the employer violated PAGA or (ii) evidence that the employer's conduct was malicious, fraudulent, or oppressive, PAGA only provides for a maximum $100 penalty for each pay period. (Lab. Code § 2699(f)(2)(A)–(B).) Moreover, Plaintiff's Counsel believe it would be unrealistic to expect the Court would award the full (penalty-stacked) exposure given the discretionary nature of awarding penalties and given Defendant's defenses, including that any failure to pay premiums, regular rate wages, on-call pay, or for off-the-clock work was not knowingly or willfully done, and additionally, to the extent employees received wage statements that were allegedly inaccurate, employees suffered no actual resulting damage or harm. (Moon Decl., ¶ 30.) Moreover, awarding the full penalties amount would likely raise Due Process concerns. (*Id.*) For the foregoing reasons, the *realistic* exposure is thus far below the *optimistic* maximum estimate. (*Id.* at ¶ 31.)

Based on the foregoing, Plaintiff's Counsel believe it is more reasonable to assess penalties on a $100 civil penalty per pay period basis pursuant to Labor Code § 2699(f)(2)(A) for each of the estimated 8,800 pay periods at issue, as opposed to a claim-by-claim approach. (*Id.* at ¶ 32.) Accordingly, Plaintiff's Counsel estimate Defendant's maximum PAGA exposure to be **$880,000.00** ($100 x 8,800). (*Id.*) However, based on the discovery, Defendant's arguments at mediation and continued settlement discussions, an understanding that the claims are heavily dependent on the unlikely participation by PAGA Employees and their varying employment experience, and other important considerations discussed above, it is reasonable to assume a violation occurred only in at most one-third of all pay periods, which results in a realistic (*risk-adjusted*) exposure of **$293,333.33** ($880,000 / 3). (*Id.*) As a result, the GSA of $200,000 represents roughly **68.2%** of the realistic exposure ($200,000 / $293,333.33). (*Id.*)

The proposed Settlement therefore represents a substantial recovery when compared to the reasonably forecasted recovery. (*Id.* at ¶ 33.) When considering the risks of litigation, the uncertainties involved in continued litigation, the burdens of proof necessary to establish liability, and the probability of appeal, it is clear the GSA of $200,000 is within the "ballpark" of reasonableness, and that settlement approval is appropriate. (*Id.*; *Kullar v. Foot Locker Retail, Inc*. (2008) 168 Cal.App.4th 116, 133; *see Munoz v. BCI Coca-Cola Bottling Co. of L.A.* (2010) 186 Cal.App.4th 399, 408–09 [holding that *Kullar* does not require "an explicit statement of the maximum amount the plaintiff class could recover if it prevailed on all its claims," but instead, only an "understanding of the amount that is in controversy and the realistic range of outcomes of the litigation"].)

3. The Settlement Is a Fair and Reasonable Result Following a Thorough Investigation and Accounting of Various Litigation Risks

Plaintiff's Counsel have conducted a thorough investigation into the facts of the allegations. (Moon Decl., ¶ 36.) Based on the foregoing discovery and on their own independent investigation and evaluation, Plaintiff's Counsel are of the opinion that the proposed Settlement is fair, reasonable, and adequate. (*Id.*) Furthermore, considering all known facts and circumstances, the risk of significant delay, trial risk, appellate risk, the defenses that could be asserted by Defendant on the merits, the

Settlement is in the best interests of the PAGA Employees and the State of California. (*Id.*)

Although Plaintiff's Counsel believe there is merit to Plaintiff's allegations, they also acknowledge a legitimate controversy exists as to each allegation. (*Id.* at ¶ 37.) Plaintiff's Counsel also recognize that proving the amounts of penalties owed to each Aggrieved Employee would be an expensive, time-consuming, and uncertain proposition. (*Id.*) Moreover, Plaintiff's Counsel are also of the opinion that because the issues here are fairly contested, there is a possibility of the Court not awarding PAGA penalties even if Plaintiff prevailed on the merits due to the largely discretionary nature of awarding PAGA penalties. (*Id.* at ¶ 38.) Indeed, a Court may reduce PAGA penalties "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." (Lab. Code § 2699(e)(2).) In other words, were this matter to go to trial, any award granted would be at the discretion of the Court and subject to a substantial reduction. (Moon Decl., ¶ 38.) While Plaintiff's Counsel believe there would be no persuasive grounds to reduce penalties, they recognize that the Court could determine otherwise and significantly reduce any award of penalties. (*Id.* at ¶ 39.) This wide range of potential recovery and additional delays and risks of trial provide justification to settle for a reasonable amount of recovery at this point in the litigation. (*Id.*) In all, based on the investigation and analysis of the claims in preparation for mediation, the maximum exposure did not comport with the realistic exposure that Defendant faced, as discussed above. (*Id.*)

Plaintiff's Counsel took into account the risk of not being able to proceed on a representative basis at all due to the potential manageability issues, the risk of not prevailing at trial, and the risk that even if Plaintiff prevailed at trial, the penalties would be limited due to the largely discretionary nature of awarding PAGA penalties. (*Id.* at ¶ 40.) The provisions of the Labor Code triggering PAGA penalties in this case include Labor Code sections 203, 210, 226, 1197.1, and 2802. (*Id.*) However, PAGA penalties are not mandatory, but rather, permissive. (Lab. Code § 2699(e)(2).) Accordingly, it is entirely possible that even if Plaintiff would be successful at trial, assuming she is first able to win on the merits regarding her individual claims at arbitration and then defeat the manageability issues presented at litigation by the large number of PAGA Employees in this action, Plaintiff may still be awarded substantially less than what was obtained through the Settlement. (Moon Decl., ¶

40.)

The Settlement avoids the significant risks, burdens, and the accompanying expense of further litigation. (*Id.* at ¶ 41.) Though the Parties have engaged in a significant amount of investigation, informal discovery, and employee data analysis, they have not participated in formal discovery procedures, including depositions and expert discovery. (*Id.*) Moreover, Plaintiff would have to proceed with arbitration of her individual claims and win on the merits before proceeding with litigation of the representative PAGA claims. (*Id.*) Preparation for trial and the prospect of appeals in the wake of any summary judgment ruling would remain for the Parties. (*Id.*) As a result, the Parties would incur considerably more attorneys' fees and costs through trial, a lengthy and uncertain process that could result in recovering less than was settled for. (*Id.*)

C. <u>The Incentive to Plaintiff Is Reasonable and Should Be Approved</u>

Service awards are particularly important to plaintiffs in wage and hour cases because they promote the important public policies underlying the wage and hour laws. This strong policy is codified in California Labor Code section 90.5, which provides, "[i]t is the policy of this state to vigorously enforce minimum labor standards in order to ensure employees are not required or permitted to work under substandard unlawful conditions . . ." (Lab. Code § 90.5.) Nonetheless, the California Supreme Court has noted that "retaliation against employees for asserting statutory rights under the Labor Code is widespread," despite anti-retaliation statutes designed to protect employees. (*Gentry v. Super. Ct.* (2007) 42 Cal.4th 443, 460–61.) In this context, PAGA representatives should be rewarded for assuming the risk of retaliation for the sake of PAGA Employees.

Here, in light with the Settlement and subject to the Court's approval, Plaintiff requests an Incentive Award of $7,500.00. (Settlement, ¶ B(2)(d).) Plaintiff and her Counsel respectfully submit that the requested Incentive is reasonable in recognition of Plaintiff's role as the named Plaintiff and PAGA Representative, for the risks to future employment inherent in undertaking this role and for her service and participation in litigation that resulted in a fair settlement under PAGA. (Moon Decl., ¶¶ 42–45; Declaration of Plaintiff Guadelupe Lopez in Support of Motion for Approval of PAGA Settlement and Release, ¶¶ 6–17.)

D. <u>The Requested Attorneys' Fees/Costs Are Reasonable and Should Be Approved</u>

In line with the Settlement, my firm requests an award of attorneys' fees in an amount of one-third of the GSA (i.e., no less than $66,666.67, subject to potential increase under the escalator clause), plus reimbursement for actual litigation costs in the amount of $14,606.50. (Moon Decl., ¶ 64; *see* Settlement, ¶ B(2)(a)–(b).)

1. Plaintiff's Counsel Request an Award of Fees Based on the Common Fund Method

California courts have long awarded attorneys' fees as a percentage of the benefit created by counsel in pursuing claims on behalf of a class. (*See, e.g.*, *Serrano v. Priest* (1977) 20 Cal.3d 25.) The California Supreme Court has held, "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." (*Id.* at p. 34.)

Here, Plaintiff's Counsel seek an award of attorneys' fees on the "percentage of recovery/common fund" theory. (Moon Decl., ¶ 65.) The purpose of this approach is to "spread litigation costs proportionately among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." (*Vincent v. Hughes Air W., Inc.* (9th Cir. 1977) 557 F.2d 759, 769.) In *Quinn v. State of Cal.* (1975) 15 Cal.3d 162, the California Supreme Court stated, "one who expends attorneys' fees in winning a suit which creates a fund from which others derive benefits, may require those passive beneficiaries to bear a fair share of the litigation costs." (*Id.* at p. 167.) Similarly, in *City and County of San Francisco v. Sweet* (1995) 12 Cal.4th 105, the California Supreme Court recognized that the common fund doctrine has been applied "consistently in California when an action brought by one party creates a fund in which other persons[ ] are entitled to share." (*Id.* at pp. 110–11 [pincite omitted].) The reasons for applying this doctrine include:

> fairness to the successful litigant, who might otherwise receive no benefit because his recovery might be consumed by the expenses; correlative prevention of an unfair advantage to the others who are entitled to share in the fund and who should bear their share of the burden of its recovery; encouragement of the attorney for the successful litigant, who will be more willing to undertake and diligently prosecute proper litigation for the protection or recovery of the fund if he is assured that he will be properly and directly compensated should his efforts be successful.

(*Id.* at p. 111.)

Several courts have expressed frustration with the alternative "lodestar" approach for deciding fee awards, which usually involves wading through voluminous and often indecipherable time records. Commenting on the lodestar approach, Chief Judge Marilyn Hall Patel wrote in *In re Activision Securities Litigation* (N.D. Cal. 1989) 723 F.Supp.1373:

> **This court is compelled to ask, "Is this process necessary?" Under a cost-benefit analysis, the answer would be a resounding, "No!"** Not only do the *Lindy* and *Kerr–Johnson* analyses consume an undue amount of court time with little resulting advantage to anyone, but, in fact, it may be to the detriment of the class members.

(*Id.* at p. 1375 [emphasis added].) The percentage approach is preferable to the lodestar because: (1) it aligns the interests of class counsel and absent class members; (2) it encourages efficient resolution of the litigation by providing an incentive for early, yet reasonable, settlement; and (3) it reduces the demands on judicial resources. (*Id.* at pp. 1378–79.) California Courts now routinely use the percentage of the common fund approach to determine the award of attorney's fees. (*See*, *e.g.*, *In re Pac. Enter. Sec. Litig.* (9th Cir. 1995) 47 F.3d 373, 378–79 [approving attorneys' fee award of 33%].)

2. The Matter Involves a Fee and Cost Shifting Provision under PAGA

Labor Code section 2699 provides for the recovery reasonable attorney's fees as well as costs of suit. (Lab. Code § 2699(k)(1).) Specifically, it states: "Any employee who prevails in any [PAGA] action shall be entitled to an award of reasonable attorney's fees and costs . . ." (*Id.*) Under this provision, Plaintiff would be permitted to recover her actual attorneys' fees, even if those fees were larger than the total recovery for the PAGA Employees at the conclusion of this case. (*Id.*) This fee/cost-shifting provision reflects the understanding that Plaintiff's Counsel must accept significant risk of substantial expenses and consumption of time, energy, and other resources in litigating a PAGA claim, and thus, that Plaintiff's Counsel is not only permitted, but entitled, to recover reasonable attorneys' fees and costs if successful in litigating a PAGA claim.

The Settlement at issue is beneficial in that it limits the risk of continued expenses and consumption of time, energy, and resources facing Defendant while at the same time rewarding Plaintiff's Counsel for their decision to assume risk by taking on this matter. In fact, prosecution of this action involved significant financial risk for Plaintiff's Counsel who undertook this matter on a contingent basis, with no guarantee of recovery. (Moon Decl., ¶¶ 67–75.) Once Plaintiff's Counsel undertook this litigation on behalf of the PAGA Employees, they committed to pursue it to its conclusion, and were accordingly precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain. (*Id.* at ¶ 71.)

3. Counsel's Experience, Reputation, and Ability Support the Requested Fee Award

As demonstrated by their prior experience in pursuing class and representative actions on behalf of employees, Plaintiff's Counsel possess considerable expertise in litigating class action and representative matters. (*Id.* at ¶¶ 46–59.) Plaintiff's Counsel have been involved as lead counsel or co-counsel in a multitude of class and representative actions resulting in beneficial results to class members and PAGA Employees in California. (*Id.*) Because it is reasonable to compensate Plaintiff's Counsel commensurate with their skill, reputation, and experience, the requested fee award is supported here.

Plaintiff's Counsel's experience in wage-and-hour class and representative actions was integral in evaluating the strengths and weaknesses of the case against Defendant and the reasonableness of this Settlement. (*Id.* at ¶ 62.) Practice in the narrow field of wage-and-hour litigation requires skill and knowledge concerning the rapidly evolving substantive law (state and federal), as well as the procedural law of representative action litigation. (*Id.* at ¶ 60.) Based on these and other factors, Plaintiff's Counsel have frequently received fee awards of this percentage from the gross recovery for PAGA Employees. (*See id.* at ¶¶ 50, 55, 57, 59.) Thus, the requested fee award is reasonable and fair.

4. While the Lodestar Method Is Not Necessary in Common Fund Cases, the Court May Perform a Cross-Check to Award Fees

"Despite its primacy, the lodestar method is not necessarily utilized in common fund cases." (*Lealao v. Beneficial Cal., Inc.* (2000) 82 Cal.App.4th 19, 27.) Courts have criticized the lodestar method as a drain on the judicial system and a disincentive on attorneys to take on high-risk, challenging cases. (*Id.* at p. 29.) The lodestar approach: "(1) 'increases the workload of an already overtaxed judicial system,' (2) is 'insufficiently objective and produce[s] results that are far from homogenous,' (3) 'creates a sense of mathematical precision that is unwarranted in terms of the realities of the practice of law,' (4) 'is subject to manipulation by judges who prefer to calibrate fees in terms of percentages of the settlement fund or the amounts recovered by the plaintiffs or of an overall dollar amount,' (5) 'encourages lawyers to expend excessive hours, and . . . engage in duplicative and unjustified work,' (6) 'creates a disincentive for the early settlement of cases,' (7) deprives trial courts of 'flexibility to reward or deter lawyers so that desirable objectives, such as early settlement, will be fostered,' (8) 'works to the particular disadvantage of the public interest bar,' and (9) results in 'confusion and lack of predictability.'" (*Id.* [quoting Third Circuit Task Force, *Court Awarded Attorney Fees* (1985) 108 F.R.D. 237, 246–49].)

Although California Courts support the common fund doctrine, the lodestar method can be used to cross-check fee awards. "It may be appropriate in some cases, assuming the class benefit can be monetized with a reasonable degree of certainty, to 'cross-check' or adjust the lodestar in comparison to a percentage of the common fund to ensure that the fee awarded is reasonable and within the range of fees freely negotiated in the legal marketplace in comparable litigation." (*In re Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557 [quoting *Lealao*, *supra*, 82 Cal.App.4th at pp. 49–50].) Applying the lodestar method is a two-step process. The first step is to multiply the number of hours reasonably expended by a reasonable hourly rate, and the second step is to apply a multiplier to the lodestar to account for various factors. (*Id.* at p. 556.) "The purpose of such adjustment is to fix a fee at the fair market value for the particular action. In effect, the court determines, retrospectively, whether the litigation involved a contingent risk or required extraordinary legal skill justifying augmentation of the unadorned lodestar in order to approximate the fair market rate for such services." (*Id.*) "Under certain circumstances, a lodestar calculation may be enhanced on the basis of a percentage-of-the-benefit analysis." (*Id*. at pp. 556–57.)

Further, "California case law permits fee awards in the absence of detailed time sheets." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 255.) The Court "should defer to the winning lawyer's professional judgment as to how much time he was required to spend on the case." (*Moreno v. City of Sacramento* (9th Cir. 2008) 534 F.3d 1106, 1112.) Generally, hours are reasonable if they were "reasonably expended in pursuit of the ultimate result achieved in the same manner that an attorney traditionally is compensated by a fee-paying client." (*Hensley v. Eckerhart* (1983) 461 U.S. 424, 431.)

Here, Plaintiff's Counsel current lodestar is *no less than* **$74,812.50**, which is based on *no less than* **101.6 hours** of attorney time spent to-date at their customary hourly rates. (Moon Decl., ¶ 66, Ex. 9.) Thus, in comparison to this lodestar, although application of a positive multiplier would be warranted in this case, none is requested. (*Id.* at ¶¶ 68–69.) In other words, Plaintiff's Counsel are requesting less than what they are reasonably entitled to. Further, the foregoing lodestar does not reflect additional works that will be devoted to this litigation, including to obtain and monitor approval of the Settlement and requested awards, oversee the settlement administration process and distribution of funds, respond to inquiries, and communicate with Plaintiff regarding the case. (*Id.* at ¶ 67.) The amount of fees requested under the Settlement is warranted based on the contingent risk that Plaintiff's Counsel incurred, the difficulty of the questions involved, the substantial benefit conferred on the PAGA Employees and State of California as a result of the Settlement, and the skill displayed by Plaintiff's Counsel. (*Id.* at ¶ 69.) Plaintiff's Counsel also bear the risk of taking whatever actions are necessary if Defendant fails to pay. (*Id.* at ¶ 67.) Thus, the request for attorneys' fees is more than reasonable under a lodestar check.

5. Plaintiff's Counsel's Costs Were Actually and Reasonably Incurred

Winning counsel are entitled to recover the out-of-pocket costs and expenses they reasonably incurred in investigating, prosecuting, and settling a case. (*Staton v. Boeing Co.* (9th Cir. 2003) 327 F.3d 938, 974; Lab. Code § 2699(k)(1).) Here, Plaintiff's Counsel seek reimbursement in the total amount of $14,606.50 for expenses that were actually and reasonably incurred in this litigation. (Moon Decl., ¶ 75, Ex. 4.) Moreover, this amount is below the maximum allocation under the Settlement and thus, the remainder ($5,393.50) will revert to the PAGA Payment. (*Id.* at ¶ 75; Settlement, ¶ B(2)(c).) Thus, costs should be reimbursed in full.

IV. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests the Court grant approval of the Settlement and enter the proposed approval order and proposed judgment submitted herewith.

Respectfully submitted,

DATED: March 2, 2026 **MOON LAW GROUP, PC**

By: ______________________________

Kane Moon
Allen Feghali
S. Phillip Song
Morgan W. Simpson
Attorneys for Plaintiff