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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

AHMAD REZA SHADKAM, individually and on behalf of all others similarly situated, Plaintiff, vs. 3566 STEVENS CREEK HOLDINGS OF CALIFORNIA, LLC; SUNNYVALE CHRYSLER-JEEP-DODGE, LLC; and DOES 1 through 20, inclusive, Defendants.	Case No. 24CV429231 *Assigned for all purposes to* *Hon. Charles F. Adams* *Dept. 7* **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF PAGA SETTLEMENT** Date: June 18, 2026 Time: 1:30 p.m. Dept: 7

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Ahmad Reza Shadkam ("Plaintiff") seeks approval of a settlement of claims under the Private Attorneys General Act of 2004, California Labor Code § 2698 *et seq*. ("PAGA") against Defendants 3566 Stevens Creek Holdings of California, LLC and Sunnyvale Chrysler-Jeep-Dodge, LLC ("Defendants") in the amount of $170,000.00. The Settlement resolves claims for PAGA penalties for certain wage and hour violations allegedly suffered by approximately 170 aggrieved employees, defined as any Pay Period during which an Aggrieved Employee worked for Defendants for at least one day during the PAGA Period of January 16, 2023 through November 12, 2025.

Under Labor Code § 2699(l)(2), the Court must review and approve any proposed PAGA settlement. Here, the proposed Settlement is sufficient to deter and punish future violations. The Settlement is attached to the Declaration of Julia M. Toscano ("Toscano Decl.") as **Exhibit 1**, and the proposed letter to be sent to the aggrieved employees is attached thereto as **Exhibit A**. Plaintiff now seeks this Court's approval of the Settlement terms.

II. FACTUAL AND PROCEDURAL BACKGROUND

On January 16, 2024, Plaintiff filed his Complaint as a class action lawsuit, alleging that, Defendants: (1) failed to pay minimum wages, (2) failed to pay overtime wages, (3) failed to provide meal periods, (4) failed to permit rest breaks, (5) failed to pay wages for non-productive time, (6) made unlawful deductions (7) failed to provide accurate itemized wage statements, (8) failed to pay all wages timely upon separation of employment and, (9) a failed to abide by the requirements of California Business and Professions Code Section 17200 *et seq.* Toscano Decl. at ¶ 3.

On January 16, 2024, Plaintiff's counsel sent a letter to the California Labor & Workforce Development Agency ("LWDA") via online submission and to Defendants via certified mail regarding Defendants' alleged violations. *See* Toscano Decl., ¶ 4, **Exhibit 2**. The LWDA did not respond to this notice within 65 days, indicating it did not intend to investigate, thus allowing Plaintiff to add a claim for Enforcement of the Private Attorneys General Act ("PAGA") to the instant lawsuit pursuant to Labor Code Section 2699.3(a)(2)(A). Toscano Decl., ¶ 5. On March 27, 2024, Plaintiff filed his First Amended Complaint adding the PAGA claim. *Id*.

Due to the presence of arbitration agreements that Plaintiff and class members allegedly signed, Plaintiff dismissed his individual and class claims and proceeded on a PAGA-only basis. Toscano Decl., ¶ 6.

The Parties agreed to attend private mediation. Toscano Decl., ¶ 7. In preparation for mediation, Defendants informally produced data and documents for Plaintiff to evaluate the PAGA claims and calculate the alleged exposure, including policy documents, a sample of time and payroll records, and a list of aggrieved employees with dates of employment to calculate the pay periods worked. *Id.* Plaintiff's Counsel engaged an expert to quantify the potential exposure using the time and payroll records, and then assessed the risks associated with each of the claims. *Id.*

The parties attended mediation on November 12, 2025, with Eve Wagner, a respected class action and PAGA action mediator. Toscano Decl., ¶ 8. After a full day of negotiating, the Parties agreed to a settlement amount and executed a Memorandum of Understanding with the material terms the parties had agreed to. *Id.* The Parties spent the next few months negotiating the terms of the Settlement, which was finalized in November of 2025. *Id.*

Plaintiff provided notice of the Settlement to the LWDA on May 22, 2026. Toscano Decl., ¶ 9, **Exhibit 3**.

III. PAGA REQUIREMENTS

Based on the California Supreme Court's opinions in *Arias v. Superior Court*, 46 Cal. 4th 969 (2009), and *Iskanian v. CLS Transportation Los Angeles, LLC,* 59 Cal. 4th 348 (2014), Plaintiffs can seek appropriate civil penalties as called for under PAGA on behalf of the State of California and other similarly aggrieved employees without seeking class certification or meeting the requirements of class certification (i.e. numerosity, typicality, commonality and adequacy). As such, the class action two-step preliminary and final approval process is not required.

PAGA was enacted to allow enforcement of the Labor Code and recovery of penalties by the State and by private individuals who have been aggrieved by their employers. The statute calls for 75% of any penalties recovered to be paid to California's LWDA and the remaining 25% to the aggrieved employees (Cal. Lab. Code § 2699(i) (2016)).

In order to enforce and seek penalties under PAGA in a civil action, an aggrieved employee must first provide written notice to the LWDA and the employer of the particular Labor Code violations the aggrieved employee alleges the employer has violated. *See* Cal. Labor Code§ 2699.3(a)(l)(A) (2016). Once the LWDA notifies the aggrieved employee that it does not intend to investigate the alleged violations, or if the LWDA does not respond within a certain time period, the aggrieved employee is then allowed to proceed in a civil action against the employer on behalf of the LWDA and all other similarly aggrieved employees. *See* Cal. Labor Code § 2699.3(a)(2)(A) (2016).

In 2009, the California Supreme Court considered the issue of whether an aggrieved employee who brings a PAGA representative claim needs to meet class certification requirements. *Arias,* 46 Cal. 4th at 976. After a substantial review of the legislative history of PAGA, the Court held that an aggrieved employee's representative action brought on behalf of other aggrieved employees against an employer for PAGA violations does not need to meet the requirements for class certification. *Id*. at 975, 980-88. As the Court held, a plaintiff bringing suit under PAGA does so as the proxy or agent of California's labor law enforcement agencies. *Id*. at 986. Because the employee's PAGA action functions as a substitute for an action brought by the government itself, a judgment in the PAGA action binds all those who would be bound by a judgment in an action brought by the government. *Id.*

Finally, in a settlement of a PAGA action brought by an aggrieved employee, the court need only "review and approve" the settlement. Cal. Lab. Code § 2699(1)(2) (2016). The Parties to this current PAGA action have reached such an agreement and now seek this Court's approval of the proposed settlement.

IV. THE SETTLEMENT TERMS AND DISTRIBUTION OF PENALTIES

The Parties have agreed that Defendants will pay a total settlement amount of $170,000.00 (the "Gross Settlement Amount"). *See* Settlement Agreement, § 3.1. From this amount, up to one-third (1/3) of the Gross Settlement Amount, or $56,666.67, is allocated to attorneys' fees and up to

$25,000.00 to actual litigation costs. *Id.* at § 3.2.2. To date, Plaintiff's counsel has spent $21,849.30 in actual litigation costs and incurred $71,037.50 in attorneys' fees. *See* Toscano Decl., ¶¶ 28-29, **Exhibit 4**. The Settlement allocates up to $5,150.00 for Atticus Administration, LLC's costs associated with administration of the Settlement. Settlement Agreement, § 3.2.3. For Plaintiff's efforts in assisting with the Lawsuit and in exchange for a general release of his individual claims, $5,000.00 is allocated to Plaintiff. *Id.* at § 3.2.1.

After deducting the above amounts for attorneys' fees and costs, Settlement Administrator's costs, and Plaintiff's individual settlement award, the remaining fund will constitute the "PAGA Penalties" in which 75% will be paid to the LWDA (the "LWDA PAGA Payment") and 25% will be paid to the Aggrieved Employees as their "Individual PAGA Payments". Settlement Agreement, § 3.2.4. The Aggrieved Employees are persons employed by Defendants as a non-exempt employee in California during the PAGA Period. *Id.* at § 1.4. The PAGA Period means the period from January 16, 2023 through November 12, 2025. *Id.* at § 1.21.

The Individual PAGA Payments will be calculated pro rata based on the number of pay periods working during the PAGA Period. Settlement Agreement, § 3.2.4.1. If the number of Pay Periods worked by Aggrieved Employees in the PAGA Period exceeds 6,000 by more than 10%, then the Gross Settlement Amount will increase pro rata per additional PAGA Pay Period. *Id.* at § 8. The Individual PAGA Payments shall be paid to the Aggrieved Employees by way of a single check which will be valid for 180 days. *Id.* at § 4.4.1. All funds not claimed within 180 days of mailing of payment shall be sent to the California State Controller's Office Unclaimed Property Fund with an identification of the amount of unclaimed funds attributable to each PAGA Employee. *Id.* at § 4.4.3. The Individual PAGA Payments will be characterized as penalties for tax purposes and reported on IRS Form 1099. *Id.* at § 3.2.4.2.

Prior to this disbursement, the Settlement Administrator shall check the Aggrieved Employees' addresses provided by Defendants using the National Change of Address database. Settlement Agreement, § 4.4.1. For any returned payments without a forwarding address, the Settlement Administrator shall run a skip trace. *Id*. at § 4.4.2. Aggrieved Employees will receive a letter along with their Individual PAGA Payment explaining the reason for the payment, the content of which will be submitted to the Court for approval. *Id*. at § 4.4.1. The proposed letter is attached to the Settlement Agreement as Exhibit A.

In exchange for the settlement payment, the State of California and the Aggrieved Employees will release the "Released Parties" meaning "Defendants and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, and assigns," from "all claims for PAGA penalties arising during the PAGA Period that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notice." Settlement Agreement, §§ 1.26, 5.2.

V. THE SETTLEMENT IS FAIR AND REASONABLE

A. Standard for Approval

PAGA settlements must be "fair, reasonable, and adequate in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." *Moniz v. Adecco USA, Inc*., 72 Cal.App.5th 56, 77 (2021). The court must find that the plaintiff "has adequately represented the state's interests, and hence the public interest." *Id.* at 89. The LWDA must be notified of the settlement and be given an opportunity to object. The court may look to parallel class action guidelines to determine what is "fair, adequate and reasonable." *Kullar v. Foot Locker Retail,* 168 Cal.App.4th 116, 126 (2008). In that analysis, the court has "broad discretion in making this determination." *In re Microsoft I-V Cases*, 135 Cal.App.4th 706, 723 (2006). Relevant factors may include "the strength of the plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, … the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant …." *Dunk v. Ford Motor Co*., 48 Cal.App.4th 1794, 1801 (1996).

B. The Settlement Meets the Standard for Approval

Here, the $170,000.00 Gross Settlement Amount is reasonable for a group of approximately 170 employees, which is equivalent to a penalty of about $1,000.00 per employee using the Gross Settlement Amount. This penalty is large enough to punish Defendants for alleged past violations and deter future violations. At the same time, the penalty amount is not so large as to be unjust, oppressive or confiscatory, considering the company's potential exposure explained below. Toscano Decl., ¶ 10. The Gross Settlement Amount is also reasonable in light of the facts of the foregoing action, the real risk that no PAGA penalties would be paid, and inherent risks and uncertainties associated with PAGA claims. *Id.* at ¶ 11.

Plaintiff calculated the potential exposure at the initial violation rate of $100.00 per pay period as follows: 6,000 x $100.00 per pay period is $600,000.00. Toscano Decl., ¶ 12. If the Court stacked different types of penalties in each pay period, Plaintiff calculated the exposure as follows:

a. 6,000 pay periods x $100 per pay period x 18% violation rate = $108,000.00 for meal period violations;

b. 6,000 pay periods x $100 per pay period x 25% violation rate = $150,000.00 for rest break violations;

c. 6,000 pay periods x $250 per pay period x 25% violation rate = $375,000.00 for wage statement penalties and;

d. 44 severed employees x $100 per employee = $4,400.00 for final wage waiting time violations.

Id. Plaintiff's theories of liabilities relied on evidence in the records of non-compliant meal and rest periods. However, Defendants raised a number of arguments during settlement negotiations and provided evidence that could have defeated Plaintiff's claims. *Id.* at ¶ 13. For example, Defendants argued that they maintained compliant meal and rest policies and compliant practices that authorized timely meal and rest periods. *Id.* As for meal periods, Defendants argued that they paid premiums for recorded violations. Defendants also provided a report showing aggrieved employees' responses to prompts in which reasons for late or missed meal period are stated, thus tending to show aggrieved employees' waiver of meal periods for which premiums were not paid. *Id*. As for rest periods, Defendants argued that only aggrieved employees in a certain department recorded rest periods; therefore, it was improper for Plaintiff's expert to extrapolate the rest period violations found in the records to all pay periods in the PAGA Period, which significantly inflated Defendants' exposure. *Id.*

Another crucial factor in evaluating the value of a PAGA-only case is that all PAGA awards are discretionary and can be reduced by the Court. Toscano Decl., ¶ 14. Under Labor Code § 2699(e)(2), the Court can reduce the 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." In other words, were this matter to go to trial, any award granted would be at the discretion of the Court. *Id.* In settling this case, Plaintiff recognizes that, although he believes there would be no persuasive grounds to reduce the penalties, the Court could determine otherwise and significantly reduce the PAGA penalties. *Id*. The wide range of potential recovery and the additional delays and risks of trial justified settling for a reasonable amount of recovery. *Id*.

VI. CONCLUSION

For the foregoing reasons, Plaintiff requests the Court approve the proposed settlement pursuant to PAGA in this Action.

Dated: May 22, 2026

AEGIS LAW FIRM, PC

By ______________________________

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Attorneys for Plaintiff Ahmad Reza Shadkam