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SUPERIOR COURT OF CALIFORNIA

COUNTY OF SANTA CLARA

JUAN MANUEL VILLALOBO, Plaintiff, v. R-BROS. PAINTING, INC. ; R. BROTHERS WATERPROOFING, INC., ROD RODRIGUEZ; and DOES 1 through 25, inclusive, Defendants.	Case No. 24CV 438933 (BM) **ORDER GRANTING PLAINTIFF'S MOTION FOR APPROVAL OF PAGA SETTLEMENT**

This is a representative action under the Private Attorneys General Act ("PAGA"). Plaintiff Juan Manuel Villalobos alleges defendants R-Bros. Painting, Inc. ("R-Bros.), R. Brothers Waterproofing, Inc. ("R. Brothers Waterproofing"), Rod Rodriguez ("Rodriguez") committed various wage and hour violations.

Before the Court is Plaintiff's motion for approval of PAGA settlement, which is unopposed. As discussed below, the Court GRANTS the motion.

I. BACKGROUND

According to the allegations of the operative Complaint, Plaintiff was employed by R-Bros. as a painter from May 2023 through his termination in January 2024. (Complaint, ¶ 8.) During his employment, Plaintiff was classified as an hourly, non-exempt employee. (*Ibid.*) Defendants failed to, among other things: compensate for all hours worked; pay minimum and overtime wages; provide rest breaks or compensation in lieu thereof; provide meal breaks or compensation in lieu thereof; reimburse for necessary business expenses.

Based on the foregoing, Plaintiff initiated this action on May 14, 2024, with the filing of the Complaint, which asserts the following causes of action: (1) failure to compensate for all hours worked; (2) failure to pay minimum wages; (3) failure to pay overtime (4) failure to provide accurate wage statements; (5) failure to pay wages owed every pay period; (6) failure to give rest breaks; (7) failure to give meal breaks; (8) failure to reimburse for business expenses; (9) failure to pay wages when employment ends; (10) PAGA; and (11) violation of Business & Professions Code section 17200.

Plaintiff now moves for an order approving the PAGA settlement agreement between Plaintiff, R-Bros Painting and Rodriguez (collectively, "Defendants").

II. LEGAL STANDARD FOR APPROVING PAGA SETTLEMENT

Under PAGA, an aggrieved employee may bring a civil action personally and on behalf of other current or former employees to recover civil penalties for Labor Code violations. (*Iskanian v. CLS Transp. Los Angeles, LLC* (2014) 59 Cal.4th 348, 380, overruled on other grounds by *Viking River Cruises, Inc. v. Moriana* (2022) 596 U.S. 639 [2022 U.S. LEXIS 2940.) 75 percent of any penalties recovered go to the Labor and Workforce Development Agency (LWDA), leaving the remaining 25 percent for the employees. (*Ibid.*) PAGA is intended "to augment the limited enforcement capability of [LWDA] by empowering employees to enforce the Labor Code as representatives of the Agency." (*Id.* at p. 383.) A judgment in a PAGA action binds all those, including nonparty aggrieved employees, who would be bound by a judgment in an action brought by the government. (*Id.* at p. 381.)

Labor Code section 2699, subdivision (l)(2) provides that "[t]he superior court shall review and approve any settlement of any civil action filed pursuant to" PAGA. The court's review "ensur[es] that any negotiated resolution is fair to those affected." (*Williams v. Superior Court* (2017) 3 Cal.5th 531, 549.) "[C]lass certification is not required" in this context as in a class action. (*Haralson v. U.S. Aviation Servs. Corp.* (N.D. Cal. 2019) 383 F. Supp. 3d 959, 971 (*Haralson*).)

Similar to its review of class action settlements, the Court must "determine independently whether a PAGA settlement is fair and reasonable," to protect "the interests of the public and the LWDA in the enforcement of state labor laws." (*Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 76–77 (*Moniz*).) It must make this assessment "in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." (*Id.* at p. 77; see also *Haralson, supra,* 383 F. Supp. 3d at p. 971 ["when a PAGA claim is settled, the relief provided for under the PAGA [should] be genuine and meaningful, consistent with the underlying purpose of the statute to benefit the public ...."], quoting LWDA guidance discussed in *O'Connor v. Uber Technologies, Inc.* (N.D. Cal. 2016) 201 F.Supp.3d 1110 (*O'Connor*).)

The settlement must be reasonable in light of the potential verdict value. (See *O'Connor, supra,* 201 F.Supp.3d at p. 1135 [rejecting settlement of less than one percent of the potential verdict].) But a permissible settlement may be substantially discounted, given that courts often exercise their discretion to award PAGA penalties below the statutory maximum even where a claim succeeds at trial. (See *Viceral v. Mistras Group, Inc.* (N.D. Cal., Oct. 11, 2016, No. 15-CV-02198-EMC) 2016 WL 5907869, at *8–9.)

III. PLAINTIFF'S INVESTIGATION, SETTLEMENT PROCESS, AND THE PARTIES' AGREEMENT

On February 19, 2024, Plaintiff gave written notice to the Labor and Workforce Development Agency ("LWDA") and Defendants. On May 14, 2024, he initiated this instant action with the filing of the Complaint. The parties conducted informal discovery and Defendant produced Plaintiff's personnel file, time and payroll data for Plaintiff, and time and payroll records for 15 aggrieved employees.

The parties conducted investigation of the facts and law before and after the lawsuit was filed. On May 15, 2025, the parties attended a full-day mediation session with experienced mediator, Laurie Saldana, which resulted in the settlement (the "Settlement") before the Court.

Pursuant to the Settlement, Defendant will pay a non-reversionary gross settlement of $65,000, which is comprised of $21,666.66 in attorneys' fees, $8,004.80 in attorneys' fees, and $3,500 in settlement administration costs. The net settlement amount will be approximately $31,828.54 and it will be distributed 75% ($23,871.41) to the LWDA and 25% to "PAGA Members, who are defined as "all current and former employees, including Plaintiff, who worked for Defendant R-Bros. Painting, Inc. at any time during the PAGA Period [March 11, 2023 to June 9, 2025]." The individual payments will be considered a civil penalty. There are approximately 76 PAGA Members.

In exchange for settlement, PAGA Members will release:

> [A]ll claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Action or any PAGA Notice.

The release is appropriately tailored to the allegations at issue, and does not release any claims other than those for PAGA penalties. (See *Amaro v. Anaheim Arena Management, LLC* (2021) 69 Cal.App.5th 521, 537; *Moniz, supra*, 72 Cal.App.5th at p. 82 [release of "all known and unknown claims under PAGA … that were or could have been pled based on the allegations of the Complaint" was appropriately approved].)

IV. DISCUSSION

A. Potential Verdict Value

In the Complaint, Plaintiff alleges meal period violations, rest break violations, unpaid wages, failure to pay overtime wages, failure to pay timely wages, and failure to maintain records. Plaintiff asserts that the strongest claims at the meal period violations and that Defendants rounding work hours for a portion of the PAGA Period.[1]

Plaintiff's counsel calculated Defendants maximum exposure as follows: $144,150 (meal period violations); and $302,500 (minimum wage/rounding claim)—totaling $446,650.

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[1] Plaintiff states there would be issues with proof as to the remaining claims.

Plaintiff's counsel then considered the fact that Defendants had a meal break policy and the fact that there was no indication that Defendants prevented employees from taking meal breaks. Thus, Plaintiff worked from a 65% chance of success on the merits. Accordingly, the realistic exposure for the meal period claim is $93,697.50. With regard to the rounding claim, Plaintiff counsel considered Defendants' defense, particularly that the entrusted employees with filing out their own timesheets and the company took employees at their word that the timesheets were correct. Thus, Plaintiff worked from a 50% chance of success on the merits. Thus, Defendants' realistic exposure for the claim is $151,250. Thus, Defendants' realistic exposure is $244,947.50.

The gross settlement amount represents approximately 26.5% of the maximum exposure. This is within the percentage range typically approved by courts. (See *Cavazos v. Salas Concrete, Inc.* (E.D. Cal., Feb. 18, 2022, No. 1:19-cv-00062-DAD-EPG) 2022 U.S.Dist. LEXIS 30201, at *41-42 [citing cases approving settlements in the range of 5 to 35 percent of the maximum potential exposure].)

Given this, as well as the risks attendant to proceeding to trial, Defendants' defenses and the likelihood that PAGA penalties would be significantly reduced in line with numerous appellate decisions, the Court finds that the proposed settlement is fair to those affected and is genuine, meaningful, and reasonable in light of the statute's purposes.

B. Attorneys' Fees

While the PAGA statute does not expressly require judicial review of claimed attorney fees, the Court believes it cannot adequately fulfill its statutory duty to review the penalties associated with PAGA settlements without also considering attorney fees. The Court thus finds that it must scrutinize the attorney fee arrangement associated with a PAGA settlement. This is consistent with the observation of many courts that PAGA claims are analogous to "*qui tam*" suits like those under the federal False Claims Act: when reviewing settlements of *qui tam* claims, courts should and do consider any associated attorney fee arrangement. (See *U.S. v. Texas Instruments Corp.* (9th Cir. 1994) 25 F.3d 725, 728 [attorney fee award must be considered by the trial court as part of its review of the "entire settlement arrangement"].)

As articulated above, Plaintiff seeks a fee award of $21,666.66 in attorneys' fees. Plaintiff's counsel submits a lodestar figure of $19,725.00 based on 26.3 hours at a billing rate of $750 per hour resulting on a multiplier of 1.1. This is within the range of multipliers that courts typically approve. (See *Laffitte v. Robert Half Intern. Inc.* (2016) 1 Cal.5th 480, 488, 503–504 (*Laffitte*) [trial court did not abuse its discretion in approving fee award of 1/3 of the common fund, cross-checked against a lodestar resulting in a multiplier of 2.03 to 2.13]; *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 255 ["[m]ultipliers can range from 2 to 4 or even higher"]; *Vizcaino v. Microsoft Corp.* (9th Cir. 2002) 290 F.3d 1043, 1051, fn. 6 [stating that multipliers ranging from one to four are typical in common fund cases and citing the court's own survey of large settlements finding "a range of 0.6–19.6, with most (20 of 24, or 83%) from 1.0–4.0 and a bare majority (13 of 24, or 54%) in the 1.5–3.0 range"].)

Here, given the work performed by Plaintiff's counsel, and because the requested multiplier sought is within the range of multipliers regularly approved by California courts in similar actions and that it is supported by Plaintiff's counsel's declaration, the Court finds counsel's requested fee award is reasonable and therefore it is approved.

C. Other Costs and Expenses

Plaintiffs' counsel requests litigation costs in the amount of $8,004.8000. This is supported by the declaration of Plaintiff's counsel and it is below the $9,000.00 provided for in the Settlement. Thus, this amount appears reasonable and is approved.

Administration costs of $3,500 are also approved.

V. ADMINISTRATION PROCESS

Pursuant to the terms of the Settlement, within 15 days of Court approval of its terms, Defendant will provide settlement administrator Phoenix Class Action Administration Solutions ("Phoenix") with a list of all PAGA Members with the relevant identifying information (including the last known home address) and the number of pay periods worked. Within 30 days of Court approval, Defendants shall send Phoenix the Settlement funds. Upon receipt of the funds, Phoenix shall distribute the payments in accordance with the Settlement. Any notice packets returned as undeliverable within 21 days shall be sent to the forwarding address and if a forwarding address is not provided then the funds shall be sent to the State Controller's Unclaimed Property Fund. These administrative procedures are appropriate and are approved.

VI. ORDER AND JUDGMENT

Plaintiff's motion for approval of the parties' PAGA settlement is GRANTED. The covered individuals are: all current and former employees, including Plaintiff, who worked for Defendant R-Bros. Painting, Inc. at any time during the PAGA Period.

Judgment shall be entered through the filing of this order and judgment. (Code Civ. Proc., § 668.5.) Plaintiff and PAGA Members shall take from the PAGA claim in their operative pleading only the relief set forth in the parties' settlement agreement and this order and judgment. The Court retains jurisdiction over the parties to enforce the terms of the PAGA settlement agreement and the final order and judgment.

The Court sets a compliance hearing for **March 25, 2027 at 2:30 P.M.** in Department 22. At least ten court days before the hearing, Plaintiff's counsel and the settlement administrator shall submit a summary accounting of the net settlement fund identifying distributions made as ordered herein; the number and value of any uncashed checks; amounts remitted the *cy pres* recipient; the tatus of any unresolved issues; and any other matters appropriate to bring to the Court's attention. Counsel may appear at the compliance hearing remotely.

IT IS SO ORDERED.

Date: 7-30-26

BETH MCGOWEN
Judge of the Superior Court