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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

CATALINA PALACIOS, an individual; RUBY RODRIGUEZ, an individual; on behalf of themselves and all others similarly situated and the general public, Plaintiffs, vs. WOODCRAFT RANGERS, a California corporation; and DOES 1 to 100, inclusive, Defendants.	Case No. 24STCV16531 [Assigned for All Purposes to: The Hon. William F. Highberger, Dept. SS10] **PLAINTIFFS' NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** Date: June 26, 2026 Time: 3:00 p.m. Dept: 10

TO THE COURT, ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on June 26, 2026, at 3:00 p.m., or as soon thereafter as the matter may be heard in Department 10 of the above-entitled court, located at the Los Angeles Superior Court, 312 North Spring Street, Los Angeles, California 90012, Plaintiffs Catalina Palacios and Ruby Rodriguez (collectively, "Plaintiffs") will hereby move the Court for an order granting Plaintiffs' Motion for Preliminary Approval of Class Action Settlement. In this unopposed motion, Plaintiffs seek the entry of an order to: (1) preliminarily approve the proposed settlement of this class action on behalf of all current and former non-exempt employees of Defendant Woodcraft Rangers ("Defendant"), who worked from July 2, 2020 through September 22, 2025; (2) certify a class for settlement purposes only and appoint Bartz Law Group, APC and United Employees Law Group, PC as class counsel for settlement purposes only (hereinafter "Class Counsel"); (3) approve the substance, form, and method to provide class-wide notice; (4) direct that notice of the proposed settlement be given to all Settlement Class Members; and (5) schedule a hearing at which time the following will be considered: (i) the request for final approval of the proposed settlement; (ii) the entry of the Final Judgment; and (iii) approval of Class Counsel's motion for attorneys' fees and costs, and Plaintiffs' enhancement awards.

This Motion is based upon this Notice, the attached Memorandum of Points and Authorities, the Declarations of Catalina Palacios, Ruby Rodriguez, Aaron Bartz, Walter Haines, and Jonathan Paul, all documents and records on file in this action, and on such other further oral and documentary evidence as may be given at the hearing on this Motion.

Dated: March 31, 2026

BARTZ LAW GROUP, APC

//Aaron Bartz//

Aaron A. Bartz

Attorneys for Plaintiffs CATALINA PALACIOS and RUBY RODRIGUEZ and all others similarly situated

TABLE OF CONTENTS

I. INTRODUCTION 1

II. PRE-TRIAL PROCEEDINGS AND SETTLEMENT 2

- A. Informal Discovery 2
- B. The Operative Settlement Terms And Plan of Allocation 3

III. FACTUAL AND LEGAL BACKGROUND 5

- A. Parties 5
- B. Nature of Plaintiffs' Claims 5
  - 1. Overtime/Off-the-Clock Wage Violations 6
  - 2. Meal and Rest Period Claims 8
    - a. Meal period liability and damages 8
    - b. Rest period liability and damages 10
  - 3. Waiting Time Penalty 12
  - 4. Paystub 13
  - 5. Reimbursement 13
  - 6. PAGA 14
  - 7. Total Damage Exposure 15

IV. CONDITIONAL CERTIFICATION OF THE CLASS 15

- A. Class Certification is Appropriate in this Case 15
- B. The Proposed Class Is Ascertainable and Numerous 16
- C. Common Issues of Law or Fact Predominate 17
- D. Plaintiffs' Claims Are Typical of the Class Claims 18
- E. Adequacy of Representation 18

V. THE CLASS ACTION SETTLEMENT MEETS THE REQUIREMENTS FOR PRELIMINARY APPROVAL 18

- A. The Role Of The Court In Preliminary Approval Of A Class Action Settlement 19
- B. Factors To Consider In Granting Preliminary Approval 20

1. The settlement is the product of serious, informed, and non-collusive negotiations 20
2. The settlement has no "obvious deficiencies" and falls within the range for approval 21
3. No preferential treatment is given to the class representatives or other members of the class 21
4. The parties engaged in adequate discovery prior to settlement 22
5. The class representatives' service payments are reasonable 22
6. Plaintiffs' counsel's attorneys' fees and costs are reasonable 23

VI. THE PROPOSED CLASS NOTICE IS FAIR AND APPROPRIATE 23

VII. CONCLUSION 24

TABLE OF AUTHORITIES

State Cases

Amaral v. Cintas Corp. No. 2
(2008) 163 Cal.App.4th 1157 .... 12, 14

Augustus v. ABM Sec. Servs., Inc.
(2016) 2 Cal.5th 257 .... 10, 11

B.W.I. Custom Kitchen v. Owens-Illinois, Inc.
(1987) 191 Cal.App.3d 1341 18

Bell v. Farmers Ins. Exch.
(2004) 115 Cal.App.4th 715 22

Brinker Restaurant Corp. v. Superior Court
(2012) 53 Cal.4th 1004 .... 8, 9, 11

Cartt v. Superior Court
(1975) 50 Cal.App.3d 960 23

Cicairos v. Summit Logistics, Inc.
(2005) 133 Cal.App.4th 949 9

Classen v. Weller
(1983) 145 Cal.App.3d 27 18

Clothesrigger, Inc. v. GTE Corp.
(1987) 191 Cal.App.3d 605 16

Collins v. Rocha
(1972) 7 Cal.3d 232 17

Donohue v. AMN Services, LLC
(2021) 11 Cal.5th58 9
Dunk v. Ford Motor Co.
(1996) 48 Cal.App.4th 1794 .... 5, 19
In re Cellphone Fee Termination Cases
(2010) 186 Cal.App.4th 1380 22
Jaimez v. DAIOHS USA, Inc.
(2010) 181 Cal.App.4th 1286 .... 9, 10
Kullar v. Footlocker Retail Inc.
(2008) 168 Cal.App.4th 116 5
L.A. Fire & Police Protective League
(1972) 23 Cal.App.3d 67 17
Linder v. Thrifty Oil Co.
(2000) 23 Cal.4th 429 16
Richmond v. Dart Industries
(1981) 29 Cal.3d 462 16
Sav-On Drug Stores, Inc. v. Superior Court
(2004) 34 Cal.4th 319 .... 16, 18
Serrano v. Priest
(1977) 20 Cal.3d 25 23
Stephens v. Montgomery Ward & Co., Inc.
(1987) 193 Cal.App.3d 411 17

Thurman v. Bayshore Transit Mgmt., Inc.
(2012) 203 Cal.App.4th 1112, 1134 15
Wershba v. Apple Computer, Inc.
(2001) 91 Cal.App.4th 224 19

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Ansari v. New York Univ.
(S.D.N.Y. 1998) 179 F.R.D. 112 17
Dilts v. Penske Logistics, LLC
(S.D. Cal 2010) 267 F.R.D. 625 9
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(D.D.C. 1981) 92 F.R.D. 51 17
Fleming v. Covidien, Inc.
(C.D. Cal. 2011) 2011 WL 7563047 15
Gautreaux v. Pierce
(7th Cir. 1982) 690 F.2d 616 19
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(N.D. Cal. January 26, 2007) 2007 WL 221862 21
Hanlon v. Chrysler Com.
(9th Cir. 1998) 150 F.3D 1011 21
Harris v. Vector Mktg. Corp.
(N.D. Cal. 2009) 656 F.Supp.2d 1128 13
Hurst v. Buczek Enters., LLC
(N.D. Cal. 2012) 870 F.Supp.2d 810 13

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(D. Md. 1991) 139 F.R.D. 74 17
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(D. AZ 1989) 720 F. Supp. 1379 21
Officers for Justice v. Civil Service Com'n, etc.
(9th Cir. 1982) 688 F.2d 615 .... 19, 20
Philadelphia Housing Authority v. American Radiator & Standard Sanitary Corp.
(E.D. Pa. 1970) 323 F.Supp. 364 .... 19, 23
Slaven v. BP America, Inc.
(C.D. Cal. 2000) 190 F.R.D. 649 17
Vincent v. Hughes Air West, Inc.
(9th Cir. 1977) 557 F.2d 759 23

Statutes

Cal. Code of Civil Procedure § 382 16
Cal. Lab. Code § 203 12
Cal. Lab. Code § 226 .... 8, 13
Cal. Lab. Code § 510 6
Cal. Lab. Code § 512 8
Cal. Lab. Code § 2699 14

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J. Moore, *Moore's Federal Practice* (2003). 19
Manual for Complex Litigation, Fourth (2004) 19, 23

Manual of Complex Litigation, Second (1985).. 20

Moore's Federal Practice (Matthew Bender 3d ed. 1999)... 17

Federal Rules

Fed. Rules Civ. Proc., Rule 23... 16

I. INTRODUCTION

This class action and PAGA settlement is sought on behalf of approximately 4,008 current and former non-exempt employees who worked in California for Defendant Woodcraft Rangers ("Defendant") from July 2, 2020 through September 22, 2025.

The case arises out of Plaintiffs' allegations that Defendant violated California's wage and hour laws, including failing to pay all wages owed and overtime, failing to authorize and permit meal and rest periods, failing to properly maintain and submit wage statements, and waiting time penalties.

Defendant is a non-profit entity providing expanded learning programming, youth programs and camps for elementary and high school kids. While Plaintiffs believe they had a strong case, Defendant relies on public grants and other donations to fund its operations, and its financial condition constrained it from paying more in this case. As such, Plaintiffs believe the deal reached in this case is the best opportunity to obtain relief for the class members, without driving Defendant to close its doors or file for bankruptcy.

As such, the parties have agreed to a non-reversionary, all-in common fund settlement of $600,000. The net amount to be paid to class members (after payment of class counsel fees and expenses, settlement administration costs, Private Attorneys General Act ("PAGA") penalties, and Plaintiffs' enhancement awards), is approximately $331,000. Each settlement class member's share of the settlement is based on each of their eligible number of workweeks, and shall receive, on average, approximately $82. So long as the class members do not opt out of the settlement, they will receive a settlement payment. For purposes of this settlement only, the parties agree that the proposed Settlement Class satisfies each of the requirements of Code of Civil Procedure section 382. The settlement is fair, reasonable, and adequate, especially in light of the Defendant's financial condition, which may have netted nothing if this case was pressed further. Accordingly, Plaintiffs request that the court grant preliminary approval of the Class Action and PAGA Settlement Agreement and Class Notice ("Settlement Agreement") submitted herewith (see Bartz Decl., Exhibit A), conditionally certify the Settlement Class, approve the proposed Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval.

II. PRE-TRIAL PROCEEDINGS AND SETTLEMENT

A. Informal Discovery

Plaintiffs filed their Class Action and PAGA Complaint on July 2, 2024. (Declaration of Aaron Bartz ("Bartz Decl."), ¶ 5, and Ex. C). After the filing of the Complaint and meeting and conferring thereafter, the parties agreed to stay formal discovery, in order to pursue the possibility of early resolution. As such, the parties thereafter engaged in informal discovery to evaluate the class and PAGA claims. (Bartz Decl., ¶ 6).

To that end, Defendant produced extensive time and payroll records, and Excel spreadsheets with thousands of lines of data for the class. (Bartz Decl., ¶ 7). Thereafter, Class Counsel and their expert analyzed the payroll and related wage data and created a damages model for the various claims alleged in the case. Based upon the analysis of the time records and payroll data, Class Counsel were able to calculate damage estimates on a class-wide basis. (Bartz Decl., ¶ 8).

Class Counsel also reviewed Defendant's published 990 tax forms, and related records related to Defendant's financial condition. (Bartz Decl., ¶ 9). Despite the 990 tax forms showing several million dollars in cash, Defendant's payroll requirements encompass the vast majority of such cash, in that the payroll is approximately $1.25 million every two week period. (*Ibid.*) As such, a larger settlement could very well tip Defendant over the edge into insolvency. (*Ibid.*) Moreover, given Class Counsel's past experience in prosecuting actions against non-profit corporations, the cash-on-hand is subject to certain donor restrictions, and can be used only for their designated purpose, not litigated settlements or expenses. (*Ibid.*)

The parties attended Mediation in this matter once they had sufficient data and documents to evaluate the claims in this case. On July 24, 2025, the parties attended a full-day Mediation before Steven G. Mehta, Esq. (Bartz Decl., ¶ 10). After an all-day mediation, the parties ultimately reached a settlement, and entered into a fully executed long form Settlement Agreement in January 2026 (Bartz Decl., ¶ 10 and Ex. A).

B. <u>The Operative Settlement Terms And Plan of Allocation</u>

The class members entitled to the settlement fund are all current and former non-exempt employees who worked for Defendant from July 2, 2020 through September 22, 2025. Based upon current estimates, there are approximately 4,008 class members. (Bartz Decl., ¶ 11).

The settlement fund is all in (except for the employer's share of payroll taxes, which Defendant shall pay in addition to the $600,000 settlement), there is no claim form requirement, and no residual will revert to Defendant. (Bartz Decl., ¶ 12). Class members will be paid as long as they do not opt out of the settlement. (*Ibid.*) If a Settlement Class Member opts out, their share of the Net Settlement Amount will be allocated to other members of the Settlement Class. (*Ibid.*) In the event a class member does not negotiate (cash) his or her settlement check, the settlement administrator shall distribute the unclaimed funds to the California State Controller's Unclaimed Property Fund. (*Ibid.*)

The payment to the Settlement Class Members will be characterized by ninety percent interest and penalties, and ten percent wages. (Bartz Decl., ¶ 13). The class administrator will issue W-2 statements for the wage portion of the settlement, and a form 1099 for all amounts paid as penalties and interest. (*Ibid.*)

Based upon Class Counsel's independent analysis and investigation in this matter, the Settlement Class will be compensated based on each member's respective number of workweeks worked during the Class Period. (Bartz Decl., ¶ 14). The total number of workweeks during the class period is 218,756. (*Ibid.*)

Based on the settlement terms, there will be an approximate net settlement fund of **$331,000**. (Bartz Decl., ¶ 15). In exchange for their payment, the class will release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in Action, including claims under the California Labor Code, California Industrial Welfare Commission Wage Orders, regulations, and/ or other provisions of law as set forth in the Settlement Agreement at Paragraph 5.2. The named Plaintiffs will, in addition to releasing claims alleged in the lawsuit, give a general release of all claims pursuant to Civil Code section 1542 as set forth in Section 5.1 and 5.1.1.

The parties further agree to appoint an experienced claims administrator, Xpand Legal Consulting, LLC ("Xpand") to prepare and send notice to the class, receive and process objections, and prepare and mail settlement checks to Settlement Class Members. (Bartz Decl., ¶ 16). The claims administrator will conduct skip-tracing for any Settlement Class Member whose addresses cannot be found. (*Ibid.*)

The all-in settlement fund will also include all of the attorneys' fees and costs allowed by this Court. (Bartz Decl., ¶ 17). The attorneys' fees shall not exceed one-third of the $600,000.00 settlement fund, or $200,000.00. (*Ibid.*) Defendant will also pay class counsel's costs, not to exceed $20,000, as well as settlement administration costs not to exceed $24,000, out of the common fund. (*Ibid.*)

The PAGA allocation of the settlement is $10,000, of which $7,500 (75%) will be distributed to the Labor Workforce and Development Agency (LWDA), with the remaining portion - $2,500 (25%) - going to PAGA Members (all allegedly aggrieved persons who worked for Defendant at any time from April 23, 2023 through September 22, 2025). (Bartz Decl., ¶ 18).

The settlement also includes Plaintiffs' class representative enhancements. Based on Plaintiffs' work in connection with this case, including connecting Class Counsel with other witnesses, meeting and conferring with Class Counsel regarding legal strategies, and assisting with developing the claims and theories in this case, Plaintiffs seek $7,500 to each class representative, totaling $15,000. (Bartz Decl., ¶ 19).

In summary, the settlement fund is allocated as follows:

(1) Net settlement fund: $331,000;

(2) Attorney's fees and costs: $200,000 in attorneys' fees and up to $20,000 in costs;

(3) Settlement administrator expenses not to exceed $24,000;

(4) PAGA payment to the LWDA: $7,500, and $2,500 for individual PAGA payments.

(5) Class representatives enhancement of $7,500 for each named Plaintiff, totaling $15,000.

(Bartz Decl., ¶ 20).

III. FACTUAL AND LEGAL BACKGROUND

A. Parties

Plaintiffs are former non-exempt employees working for Defendant as site coordinators. Defendant is a California non-profit corporation that provides expanded learning programming, youth programs, and camps for transitional kindergarten, elementary, and high school kids.

B. Nature of Plaintiffs' Claims

The operative Complaint alleges claims for 1) Failure to Pay All Wages and related penalties; 2) Waiting Time Penalties; 3) Failure to Provide Meal Periods; 4) Failure to Authorize and Permit Proper Rest Periods; 5) Failure to Properly Maintain and Submit Itemized Wage Statements; 6) Unfair Business Practices; (7) Failure to Reimburse Necessary Business Related Expenses and Costs; and 8) Violation of Labor Code § 2699 (PAGA). Plaintiffs further allege that they and the Class are entitled to damages, restitution, wages, attorneys' fees, and interest, among other remedies. (Bartz Decl., ¶ 21).

Pursuant to *Kullar v. Footlocker Retail Inc*., 168 Cal. App 4th 116, 118 and *Dunk v. Ford Motor Co.*, (1996) 48 Cal.App.4th 1794, the following describes the settlement's reasonableness. Plaintiffs recognize the expense and length of continued proceedings necessary to continue the litigation against Defendant through trial and through any possible appeals. Plaintiffs have also taken into account the uncertainty and risk of denial of motion for class certification and the uncertain outcomes resulting from further litigation, the difficulties and delays inherent in such litigation, as well as Defendant's precarious financial condition.

Plaintiffs have determined that the settlement is a fair, adequate and reasonable settlement and is in the best interests of the Class Members. Plaintiffs estimate that the reasonable exposure and the reasonable settlement value for each of the alleged claims are as follows:

CLAIM	**TOTAL EXPOSURE**	**SETTLEMENT VALUE**
Failure to Pay Wages	$4,600,000	$230,000
Meal	$2,900,000	$290,000
Rest	$16,000,000	$805,000
Waiting time	$6,800,000	$340,000
Paystub	$4,700,000	$235,000
Reimbursement	$2,400,000	$120,000
PAGA	$17,000,000	$340,000
TOTAL	**$54,400,000**	**$2,360,000**

1. <u>Overtime/Off-the-Clock Wage Violations</u>

California Labor Code § 510(a) and the IWC Wage Orders regulating payment of wages in the state of California, provide that eight (8) hours of labor constitutes a day's work and any work in excess of eight (8) hours in one (1) workday and any work in excess of forty (40) hours in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for each employee and any work in excess of twelve (12) hours in any one workday shall be compensated at the rate of no less than twice the regular rate of pay for each employee. Defendant fails to pay all wages owed in numerous respects.

First, Plaintiffs allege that Defendant fails to pay the full amount of overtime and sick pay wages due because Defendant miscalculates the regular rate, by among other things, failing to properly include items of remuneration when determining the employees' regular rate. Plaintiffs contend that Defendant fails to incorporate employees' bonuses earned by the class members. It is undisputed that such amounts must be added to an employees' compensation when calculating the regular rate. *See Ferra v. Loews Hollywood Hotel, LLC*, 11 Cal.5th 858, 869 (2021) (a bonus earned for weekend work . . . was "part of an employee's overall compensation package, and therefore ... its per-hour value must be determined so that the employee's regular rate of pay — and, derivatively, the employee's overtime pay rate — reflects all the various forms of regular compensation that the employee earned in the relevant pay period"). Also, Plaintiffs allege that Defendant fails to pay sick time at the regular rate of pay, instead, paying that time at the base rate of pay. Sick time must be paid "in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time." Labor Code § 246, subd. (l)(1).

Second, Plaintiffs allege that Defendant fails to pay all wages because Plaintiff and other class members are forced to work off-the-clock hours prior to and after their shifts with time spent planning school activities, field trips, day camps and sleep-over camps, supervising children routinely waiting to be picked up by parents, responding to text messages, phone calls and emails from supervisors, as well as attending to the necessary paperwork related to all of these activities. This culture of applying pressure to make Plaintiffs and the class members work off-the-clock is further evidenced by Defendant's formal, written policy which requires its employees to arrive 10 minutes early prior to the beginning of their shifts. As such, Plaintiffs contend that Defendant regularly and routinely failed to pay Plaintiffs and the class members all wages owed, including minimum wage and overtime compensation. Off-the-clock time is compensable when an employer knows or should have known the employees are working off-the-clock time. *See Morillion v. Royal Packing Co.*, 22 Cal.4th 575, 585 (2000).

Last, Plaintiffs allege that they were paid a stipend of $550 to work a total of two weeks as camp counselors at sleep-away camps run by Defendant. Pursuant to California Labor Code § 1182.4(a), a "camp counselor" must receive a "weekly salary" of at least "85 percent of the minimum wage for a 40-hour week." The $550 stipend paid to Plaintiffs and other class members falls short of the required minimum payment, and the $550 is characterized by Defendant as a stipend, not a salary. Because Plaintiffs and the class members are required to supervise students on a virtual 24-hour basis, Plaintiffs allege that Defendant has failed to pay Plaintiffs and the class members for all wages owed under this separate and independent theory.

Defendant contests each and every one of Plaintiffs' allegations. Defendant contends that all bonus payments were discretionary, and therefore the regular rate of pay was compensated properly. Defendant also contends that it had a strict off-the-clock policy and Plaintiffs and class members did not work off the clock. Moreover, Defendant alleges that its camp counselors were all paid in strict accordance with California law.

Class Counsel and their expert analyzed payroll and time records for the class members and calculated that the total estimated verdict value for the regular rate and failure to pay all wages claim is approximately $4.6 million. Class Counsel assumed 1 hours per week of unpaid hours, and applied an overtime violation value based on payroll records for the class, including pay period counts per year, and a weighted average rate of pay. Based on the defenses alleged, the off-the-clock claims, testimony from Plaintiffs and class members, the fact that documented evidence of such violations is scant, and Defendant's financial condition, Plaintiffs placed a reasonable settlement value of the overtime/off-the-clock wage claim at five percent of the total verdict value, or **$230,000**. (Bartz Decl., ¶ 21.a).

2. <u>Meal and Rest Period Claims</u>

a. <u>Meal period liability and damages</u>

Plaintiffs contend that Defendant failed to provide Plaintiffs and class members with a duty-free 30-minute meal period for every five hours of work as is required by <u>Labor Code</u> § 512 and the applicable IWC Wage Order(s) and in violation of *Brinker Restaurant Corp. v. Superior Court*, 53 Cal.4th 1004 (2012). Failure to provide a meal in accordance with the applicable Wage Order(s) results in payment by the employer of one additional hour of pay at the employee's regular rate of pay for each workday that the rest or meal period is not provided. (<u>Labor Code</u> § 226.7.)

In *Brinker, supra*, the California Supreme Court held that "under ... Labor Code § 512, subdivision (a), an employer must relieve the employee of all duty for the designated period, but need not ensure that the employee does no work" during the meal period. *Id.* at 1034. However, "...an employer may not undermine a formal policy of providing meal breaks by pressuring employees to perform their duties in ways that omit breaks. *Cicairos v. Summit Logistics, Inc.*, 133 Cal.App.4th 949, 962–63 (2005); *see also Jaimez v. DAIOHS USA, Inc.*, 181 Cal.App.4th 1286, 1304–05 (2010) [proof of common scheduling policy that made taking breaks extremely difficult would show violation]; *Dilts v. Penske Logistics, LLC*, 267 F.R.D. 625, 638 (S.D.Cal.2010) [indicating informal anti-meal-break policy "enforced through 'ridicule' or 'reprimand'" would be illegal].) Defendant also cannot create "incentives to forego, or otherwise encourage[] the skipping of legally protected breaks." *Brinker, supra*, 53 Cal.4th at 1040.

Moreover, when time records show short, missed, and late meal periods, there is a presumption that an employer violated California's meal period requirements. *See Donohue v. AMN Services, LLC*, 11 Cal.5th 58, 78 (2021) ("If time records show noncompliant meal periods, then a rebuttable presumption of liability arises.")

Here, Plaintiffs contend that they and other class members' meal periods were routinely either late, on duty, or never provided at all. Due to the nature of their work, if Plaintiff and the class members received a timely meal or rest period, such periods were never relieved of all work duties as evidenced by Defendant requiring them to carry walkie-talkies during their shifts Plaintiffs also contend that they and the class members were also forced to remain on the premises and continue to act in their capacities in supervising students, communicating with parents and/or school administrators and attend to their work duties. Hence, Plaintiffs and other class members were unable to be relieved at all from duty at any time during their workday.

Defendant denies Plaintiffs' allegations and contends that Plaintiffs were always relieved of their duties during meal periods, and when they were not, Defendant paid meal period premiums. Defendant further alleges that it had compliant meal period policies, and that if Plaintiffs or other class members missed their meal periods, they voluntarily did so.

Class Counsel and their expert calculated the maximum verdict value of the meal break claim to be approximately $2.9 million. This calculation is based on a unique violation rate of approximately 31% violation rate as calculated by Class Counsel and their expert. Accordingly, Class Counsel determined a total violation rate for the class members, and average rate of pay based on the payroll data for the class. Based on discussions with Plaintiffs, reviewing the various payroll records and policies, and the defenses raised, the fact that the records showed substantial meal period premiums paid, along with Defendant's financial condition, Plaintiffs believe they had a ten percent probability of recovering all of these damages. Accordingly, Plaintiffs contend the reasonable exposure of the meal break claim is approximately **$290,000**. (Bartz Decl., ¶ 21.b.i).

b. Rest period liability and damages

Section 12(A) of the IWC Wage Order(s) states: "Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof. However, a rest period need not be authorized for employees whose total daily work time is less than three and one-half (3½) hours. Authorized rest period time shall be counted as hours worked for which there shall be no deduction from wages."

Section 12(B) of the IWC Wage Order(s) states: "If an employer fails to provide an employee a rest period in accordance with the applicable provisions of this order, the employer shall pay the employee one (1) hour of pay at the employee's regular rate of compensation for each workday that the rest period is not provided." Moreover, during rest periods, "employees must not only be relieved of work duties, but also be freed from employer control over how they spend their time." *Augustus v. ABM Sec. Servs., Inc.*, 2 Cal.5th 257, 270 (2016). Further, when an employer adopts common policies that prevent employees from taking their rest breaks, it presents a common factual issue by which liability may follow. *See Jaimez v. Daiohs USA, Inc.*, 181 Cal.App.4th 1286, 1304 (2010). Indeed, "[t]he wage orders and governing statute do not countenance an employer's exerting coercion against the taking of, creating incentives to forego, or otherwise encouraging the skipping of legally protected breaks." *Brinker, supra*, 53 Cal.4th at 1040.

Plaintiffs contend that Defendant's rest period practices are unlawful under California law and that Defendant did not authorize or permit Plaintiffs or the class members duty-free rest periods. ***First***, Plaintiffs allege that they were never afforded a rest break at any time during their work shifts. However, even if any rest periods were provided, such rest periods were always on duty as evidenced by Defendant's own company policy which required them to carry walkie-talkies with them "at all times" during their shifts. Plaintiffs and the class members were also forced to remain on the premises and continue to act in their capacities in supervising students, communicating with parents and/or school administrators and attend to their work duties, which is "irreconcilable with employees' retention of freedom to use rest periods for their own purposes." *See Augustus, supra,* 2 Cal.5th at 270.

Second, Defendant's record sampling reflected that no premium payments were attributed to any rest period violations. A complete lack of premium pay "would require perfection or, more likely, a 'deep, system-wide error' in failing to pay such premiums." *In re Tea Station Inv*., 2021 Bankr. LEXIS 2985, at *22 (C.D. Cal. Oct. 26, 2021). In *Safeway v. Superior Court* (2015) 238 Cal. App. 4th 1138, 1153, the Court counseled against arguments that are based on human perfection.

Defendant, on the other hand, contends that Defendant's rest period policies and practices were lawful and in compliance with California law. Defendant further contends that Plaintiffs and the class members were provided numerous breaks throughout the day to more than comply with California's rest period requirements. (Bartz Decl., ¶ 21.b.ii).

Class Counsel assumed a 100% violation rate for all shifts by class members of 3.5 hours or more. Based on that assumption, Class Counsel calculated total violations across the class, multiplied by an average rate of pay for the class members. As such, Class Counsel calculated the maximum verdict value of the rest period claims to be approximately $16 million. Based on the difficulty of proving rest period violations on a class wide basis, the lack of objective evidence proving such violations, the dearth of evidence that class members actually had to carry walkie-talkies on theirs shifts, and Defendant's financial condition, Plaintiffs believe they had a five percent chance of recovering all of the rest period damages. As such, Plaintiffs believe the reasonable exposure of the rest break claim is approximately **$805,000**. (Bartz Decl., ¶ 21.b.ii).

3. Waiting Time Penalty

The waiting time penalty claim is purely derivative. Class Counsel analyzed the data to find that there are approximately 2,132 former employees included in the putative class that would be eligible for the Labor Code §203 penalties. Class Counsel calculated the total verdict value at approximately $6.8 million. This amount was calculated by multiplying the average daily rate of pay during the statutory period by 30, which is the maximum number of days allowable as waiting time penalties under section 203, and then multiplying that by the total number of former employees. Plaintiffs further discounted the waiting time penalty claim based on risk and the fact that waiting time penalties are not awarded if a good faith dispute exists as to whether the wages were owing. Plaintiffs further discounted this claim based on Defendant's financial condition. Further, the class would have the burden of proving a "willful" withholding of wages. Plaintiffs considered that under Labor Code §203 there is only a penalty if "an employer willfully fails to pay" all wages due to an employee upon separation. Willfulness does not exist if there is a "good faith dispute," in fact or law that wages were due, even if the employer's reasoning ultimately proves incorrect. *Amaral v. Cintas Corp. No. 2* (2008) 163 Cal.App.4th 1157, 1204; 8 Cal. Code Regs. § 13520 ("A 'good faith dispute' that any wages are due occurs when an employer presents a defense, based in law or fact which, if successful, would preclude any recover on the part of the employee. The fact that a defense is ultimately unsuccessful will not preclude a finding that a good faith dispute did exist.")

Once Plaintiffs determined the maximum reasonable exposure of the claim, Plaintiffs placed a settlement value of **$340,000** or approximately five percent of the reasonable exposure value, based upon the above discounts applied to the reasonable value of the claim. (Bartz Decl., ¶ 21.c).

4. Paystub

As to the paystub penalty, which is derivative of the other claims identified above, Class Counsel arrived at a maximum reasonable exposure of this claim of approximately $4.7 million. This figure was arrived at by assuming that each wage statement that was provided to the class members violated LC §226, and multiplying the number of pay periods during the statutory period by $50 for initial violations, and $100 for subsequent violations.

Defendant argues that, even assuming there are any violations, which they deny, derivative violations were minor and Defendant presented evidence of a good faith dispute as to any violation. *Hurst v. Buczek Enters., LLC* (N.D. Cal. 2012) 870 F.Supp.2d 810, 829 (no section 226 violation where the employer "makes a good faith claim" in its defense); *Harris v. Vector Mktg. Corp.* (2009) 656 F.Supp.2d 1128, 1146 (N.D. Cal. 2009) (the "employer did not knowingly and intentionally fail to provide itemized wage statements" where there was a "good faith dispute").

Based on the raised defenses, as well as the risk of certification and related risks of proving all violations, and Defendant's financial condition, Plaintiffs have placed a reasonable settlement value of **$235,000** or five percent of the reasonable exposure of the pay stub claim. (Bartz Decl., ¶ 21.d).

5. Reimbursement

Labor Code section 2802 provides, in pertinent part: "An employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer. . .." The purpose of section 2802 is "to prevent employers from passing their operating expenses on to their employees." *Gattuso v. Harte-Hanks Shoppers, Inc.*, 42 Cal.4th 554, 562 (2007).

Plaintiffs and other class members contend that they were forced to often use their personal cell phones to communicate with supervisors and managers about work related matters and to respond to work calls, but Defendant failed and refused to reimburse Plaintiffs and the class members for the necessary and reasonable expenses for the use of their cell phones. *See Cochran v. Schwan's Home Serv., Inc.*, 228 Cal. App. 4th 1137, 1144 (2014) (finding that reimbursement for personal cell phone usage required when mandatory for performing one's job). As such, reasonable reimbursement was required. Additionally, Plaintiffs and the class members often incurred out-of-pocket expenses for purchasing student program activity materials for which they were not reimbursed.

Defendant contends that it provided reasonable reimbursement of $10 per pay period for cell phone usage, which it contends was more than adequate. Defendant further alleges that Plaintiffs were not required to incur any other expenses for work purposes during their employment.

Class Counsel and their expert calculate a total verdict value for this claim of approximately $2.4 million, calculated by multiplying the amount of reasonable expenses incurred per month ($50) by the total number of months during the class period. Based on the raised defenses, the fact that Defendant has an offset for paying cell phone reimbursement, as well as the risk of certification and related risks of proving all violations, and Defendant's financial condition, Plaintiffs have placed a reasonable settlement value of **$120,000** or five percent of the reasonable exposure of the pay stub claim. (Bartz Decl., ¶ 21.d).

6. <u>PAGA</u>

Plaintiffs contend that PAGA penalties are owed based on the numerous alleged Labor Code violations identified above. Once a PAGA violation is found, a court must award civil penalties. *See Amaral v. Cintas Corp. No. 2* (2008) 163 Cal.App.4th 1157, 1211-1213. Nevertheless, a court has discretion to reduce the award of civil penalties if it finds that "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." Cal. Lab. Code § 2699(e)(2).

Significantly, moreover, because it is an open question regarding the Defendant's liability, there is a very real possibility that a court would substantially reduce the penalties, even if they are proven. *See, e.g., Fleming v. Covidien, Inc.*, 2011 WL 7563047, *3-4 (C.D. Cal.

2011) (reducing penalties from $2.8 million to $500,000 based on wage statement violations because to assess full penalties would be unjust and arbitrary); *Thurman v. Bayshore Transit Mgmt., Inc.*, 203 Cal.App.4th 1112, 1134 (2012) (reduction of PAGA penalties by 30% affirmed on appeal).

Class Counsel calculated the reasonable PAGA penalties to be valued at approximately $17 million, which includes the stacking of penalties for numerous violations, as set forth above. Based on the uncertainty of recovery on Plaintiffs' claims, other defenses raised by Defendant, and Defendant's financial condition, Plaintiffs believe the PAGA claim's reasonable value is two percent of the total value, or approximately **$340,000**. (Bartz Decl., ¶ 21.e).

7. Total Damage Exposure[1]

Plaintiffs believe that the $600,000 settlement achieved in this case is good for the class members. Based upon a reasonable exposure value of $2,360,000, the settlement represents approximately 25% of that total value. Given the many defenses raised, the uncertainty of the certifiability of any class, and the risks of going to trial, and Defendant's financial condition, Class Counsel believe this settlement is a good result for all of the class members. (Bartz Decl., ¶ 21.f).

IV. CONDITIONAL CERTIFICATION OF THE CLASS

A. Class Certification Is Appropriate in this Case

The proposed settlement seeks conditional certification of the Class. The Class is defined as follows:

All current and former non-exempt employees who worked in California for Defendant during the Class Period (July 2, 2020 through September 22, 2025).

The certification of the Class is essential to the settlement. California public policy

[1] The Unfair Competition claim is subsumed into the *Kullar* analysis above. The Unfair Competition claim is based upon the wage and hour violations, and adds an extra year of damages, and is included within the above analysis.

favors the use of the class action device. *Richmond v. Dart Industries* (1981) 29 Cal.3d 462, 469. CCP §382 authorizes class action suits in California when "the question is one of the common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the courts, one or more may sue or defend for the benefit of all." To obtain certification, a party must establish the existence of both an ascertainable class and a well-defined community of interest among class members. *Linder v. Thrifty Oil Co.* (2000) 23 Cal. 4th 429, 435. The "community of interest" requirement depends on three factors: (1) whether common issues of law or fact predominate; (2) whether the class representatives have claims that are typical of the class; and (3) whether the class representatives will adequately represent the class. *Richmond*, *supra*, 29 Cal.3d at 470. Because the policy of favoring use of class actions is so strong, any doubts as to the appropriateness of class treatment must be resolved in favor of certification, subject to later modification. *Richmond*, *supra*, 29 Cal.3d at 473-75. Except in extraordinary circumstances not present here, the trial court does not weigh the merits of the claims in ruling on a motion for class certification. *Linder*, *supra*, 23 Cal.4th at 443. The seminal California Supreme Court decision of *Sav-On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th 319, 326 has reemphasized the procedural nature of the certification motion.

B. The Proposed Class Is Ascertainable and Numerous

For a class to exist, the class description must be sufficiently definite so that it is administratively feasible for the court to determine whether a particular individual is a member of the proposed Class by reference to objective criteria. The class definition, as set forth in the parties' Settlement Agreement and reiterated above, is sufficiently specific to enable potential Class Members, and the court, to readily determine the parameters of the class. (*See Clothesrigger, Inc. v. GTE Corp.* (1987) 191 Cal.App.3d 605, 617.)

Here, there are approximately 4,008 Class Members, all of whom have been identified by Defendant's employment and payroll records (*See* Bartz Decl., ¶ 22). This is sufficient to satisfy numerosity requirements. As a general matter, courts have found that numerosity is satisfied when class size exceeds 40 members, but not satisfied when membership dips below 21. *See Ansari v. New York Univ.*, 179 F.R.D. 112, 114 (S.D.N.Y. 1998) (citing a thorough review of cases in 5 MOORE'S FEDERAL PRACTICE §23.22[3][a] (Matthew Bender 3d ed. 1999)). The Ninth Circuit has not offered a precise numerical standard; other District Courts have, however, enacted presumptions that the numerosity requirement is satisfied by a showing of 25-30 members. *See, e.g., In re Kirschner Med. Corp. Sec. Litig.*, 139 F.R.D. 74, 78 (D. Md. 1991); *EEOC v. Printing Indus., Inc.*, 92 F.R.D. 51, 53 (D.D.C. 1981), *Slaven v. BP America, Inc.*, 190 F.R.D. 649, 654 (C.D. Cal. 2000).

C. Common Issues of Law or Fact Predominate

Common questions of law and fact predominate here for purposes of settlement, as the main issues involve the legality of Defendant's policies regarding the failure to pay all wages, failure to provide all legally compliant off duty and uninterrupted meal periods, the failure to provide all legally compliant off duty and uninterrupted paid rest periods, failure to timely furnish accurate itemized wage statements, and failure to timely pay all former employees all wages owed. (*See* Bartz Decl., ¶ 24). Whether each member of the Class might be required to ultimately justify an individual claim does not preclude maintenance of a class action (see, e.g. *Collins v. Rocha* (1972) 7 Cal.3d 232, 238). Plaintiffs contend that these are all pay policy questions that are uniform and can be proven by common objective evidence. The evidence to support these claims consists of pay policies, payroll records, time records and pay stubs given to all Class Members. (*See* Bartz Decl., ¶ 25). In assessing whether common issues predominate over individual issues, it is not necessary that the Class Members' claims or their circumstances be identical. *L.A. Fire & Police Protective League* (1972) 23 Cal.App.3d 67, 74 (in an overtime action, the fact that there were 19 different subgroups of employees did not preclude finding that common issues predominated.) California law specifically authorizes class actions when a defendant's corporate policies result in injury to a group of plaintiffs. In *Stephens v. Montgomery Ward & Co., Inc.* (1987) 193 Cal.App.3d 411, 421, the court held that testimony from the class representative, coupled with proof of company-wide policies and practices, was sufficient to prove that common issues affecting the class of employees as a whole predominated over individual issues. See *Sav-On*, *supra*, 34 Cal.4th 319.

D. Plaintiffs' Claims Are Typical of the Class Claims

Typicality simply means that the representative's claims be similar to those of Class Members. The interests of the class representatives need not be identical to those of other Class Members; the class representatives must simply be similarly situated. *B.W.I. Custom Kitchen v. Owens-Illinois, Inc.* (1987) 191 Cal.App.3d 1341, 1347; *Classen v. Weller* (1983) 145 Cal.App.3d 27, 46. Here, the class representatives worked for Defendant in California as hourly, non-exempt employees who worked during the Class Period and worked pursuant to Defendant's uniform pay, meal, and rest policies applicable to all hourly employees working within California (*See* Bartz Decl., ¶ 26).

E. Adequacy of Representation

Adequacy of representation depends on whether Plaintiff class representatives and Plaintiffs' attorneys are qualified to conduct the proposed litigation and whether the representative Plaintiffs' interests are antagonistic to those of the Class. In this case, the representative Plaintiffs have the same injuries and damages similar to those of the Class they seek to represent, they have agreed to act as class representatives and in the best interests of the class, and Plaintiffs have no claims that are antagonistic to the Class. (*See* generally Class Rep. Decls.). Plaintiffs' counsel are also very experienced and qualified, and have been approved to act as class counsel in numerous class and representative actions. (*See* Bartz Decl., ¶¶ 27-29; Declaration of Walter Haines ("Haines Decl."), ¶¶ 3-6).

V. THE CLASS ACTION SETTLEMENT MEETS THE REQUIREMENTS FOR PRELIMINARY APPROVAL

When a proposed class action settlement is reached, the settlement must be submitted to the court for approval. H. Newberg & A. Conte, *Newberg on Class Actions* (3d ed. 1992) at § 11.41, p. 11-87. Review of a proposed class action settlement involves two hearings. First, the settlement must be preliminarily approved by the court. Second, a final settlement approval hearing is set, where evidence and argument are submitted concerning the fairness, adequacy, and reasonableness of the settlement, and class members may be heard regarding the settlement. *See* Manual for Complex Litigation, Fourth §§ 21.632-21.633 (2004).

The question presented on a motion for preliminary approval of a proposed class action settlement is whether the proposed settlement is "within the range of possible approval." *Manual for Complex Litigation*, Fourth, § 21.632 at 321; *Gautreaux v. Pierce*, 690 F.2d 616, 621 n.3 (7th Cir. 1982). Preliminary approval is merely the prerequisite to giving notice so that "the proposed settlement...may be submitted to members of the prospective Class for their acceptance or rejection." *Philadelphia Housing Authority v. American Radiator & Standard Sanitary Corp.* 323 F.Supp. 364, 372 (E.D. Pa. 1970). The court must determine whether the settlement is fair, adequate, and reasonable. *See Dunk v. Ford Motor Co.*, 48 Cal. App. 4th 1794, 1801 (1996) *citing Officers for Justice v. Civil Service Com'n, etc.*, 688 F.2d 615, 625 (9th Cir. 1982) and Fed. Rules Civ. Proc., Rule 23(e). There is an initial presumption of fairness when a proposed settlement, which was negotiated at arm's length by counsel for the Class, is presented for court approval. *Newberg, supra*, §11.41, p. 11-88. However, the ultimate question of whether the proposed settlement is fair, reasonable and adequate is made after notice of the settlement is given to the class members and a final settlement hearing is held by the court.

A. <u>The Role Of The Court In Preliminary Approval Of A Class Action Settlement</u>

The approval of a proposed settlement of a class action suit is a matter within the broad discretion of the trial court. *Wershba v. Apple Computer, Inc.*, 91 Cal. App. 4th 224, 234-235 (2001); *Dunk*, 48 Cal. App. 4th at 1801. Preliminary approval does not require the trial court to answer the ultimate question of whether a proposed settlement is fair, reasonable and adequate. That determination is made only after notice of the settlement has been given to the class members and after they have been given an opportunity to voice their views of the settlement or to be excluded from the settlement. *See, e.g.*, J. Moore, Moore's Federal Practice §§ 23.80-23.85 (2003). With regard to class action settlements, the opinions of counsel should be given considerable weight both because of counsel's familiarity with this litigation and previous experience with cases such as these. *See Officers for Justice, supra*, 688 F.2d at 625.

B. Factors To Consider In Granting Preliminary Approval

A number of factors are to be considered in evaluating a settlement for purposes of preliminary approval. No one factor should be determinative, but rather all factors should be considered. These criteria have been summarized as follows:

If the proposed settlement is the product of serious, informed, noncollusive negotiations, has no obvious deficiencies, does not improperly grant preferential treatment to class representatives or segments of the class, and falls within the range of possible approval, the court should direct notice to be given to the class members of a formal fairness hearing, at which evidence may be presented in support of and in opposition to the settlement.

Manual of Complex Litigation, Second §30.44, at 229 (1985). This settlement meets all of these criteria.

1. The settlement is the product of serious, informed, and non-collusive negotiations

This settlement is the result of arms-length and hard-fought negotiations. Defendant has denied and continues to deny all of the claims and contentions alleged in this case, and argues that Defendant is fully compliant with California law. Nonetheless, Defendant has agreed to settle this case in the manner and upon the terms and conditions set forth in the Settlement Agreement in order to avoid the expense, inconvenience, and burden of further legal proceedings, and the uncertainties of trial and appeals.

Plaintiffs and Class Counsel recognize the expense of continuing to litigate and trying this case against Defendant through possible appeals which could take several years. Class Counsel are also mindful of and recognize the inherent problems of proof under, and alleged defenses to, the claims asserted in the case. Class Counsel also took into account Defendant's financial condition to arrive at a fair and reasonable settlement, and one that would not push Defendant into insolvency. Based upon their evaluation, Plaintiffs and Class Counsel have determined that the settlement set forth in the Settlement Agreement is in the best interest of the Class Members.

Here, the litigation has been adversarial and displayed capable and experienced advocacy on both sides. "There is likewise every reason to conclude that settlement negotiations were vigorously conducted at arm's length and without any suggestion of undue influence." *In re Wash. Public Power Supply System Sec. Litig.*, 720 F. Supp. 1379, 1392 (D. AZ 1989).

2. <u>The settlement has no "obvious deficiencies" and falls within the range for approval</u>

The proposed settlement herein also has "no obvious deficiencies" and is well within the range of permissible compromise. This settlement, which represents approximately 25% of the reasonable settlement exposure faced by Defendant, is entitled to preliminary approval. *See, e.g., Glass v. UBS Fin. Servs.*, 2007 WL 221862, *4 (N.D. Cal. January 26, 2007) (approving settlement of unpaid overtime wages where the settlement amount constituted approximately 25 to 35% of the estimated actual loss to the class). Each Settlement Class Member will receive the same opportunity to participate in and receive payment. Clearly, the goal of this litigation, to seek redress for the Class, has been met.

Where both sides face significant uncertainty, the attendant risks favor settlement. *Hanlon v. Chrysler Com.*, 150 F.3D 1011, 1026 (9th Cir. 1998). Here, Defendant has maintained that its wage and hour policies comply with California law, and believes it would be successful if it continued to litigate this action. Notwithstanding the risk of continuing to litigate this case, after vigorous, arms-length negotiations, the parties reached a proposed settlement of $600,000, where each member of the Class will receive payment unless the class member opts out of the settlement..

3. <u>No preferential treatment is given to the class representatives or other members of the class</u>

All of the class members will share in the settlement according to the number of workweeks worked during their employment with Defendant. The compensation formula is objective, justified, and reasonable in this case, and does not improperly grant preferential treatment to any class member.

4. The parties engaged in adequate discovery prior to settlement

The agreement to settle did not occur until Class Counsel possessed sufficient information to make an informed judgment regarding the likelihood of success on the merits and the results that could be obtained through further litigation. Class Counsel obtained substantial informal discovery from Defendant, including personnel, and pay data for Plaintiffs, Excel spreadsheets and payroll records for a statistically meaningful sampling of the class, and documents regarding Defendant's financial condition.

Based on the foregoing data and their own independent investigation and evaluation, Class Counsel is of the opinion that the settlement with Defendant for the consideration and on the terms set forth in the Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the class in light of all known facts and circumstances, including the risk of significant delay, defenses asserted by Defendant, Defendant's financial condition, and numerous issues raised on appeal and potential appeals down the road. Defendant and its counsel also agree that the settlement is fair and in the best interest of the Settlement Class Members. There can be no doubt that counsel for both parties possessed sufficient information to make an informed judgment regarding the likelihood of success on the merits and the results that could be obtained through further litigation.

5. The class representatives' service payments are reasonable

The class representatives have spent numerous hours working with Class Counsel to uncover the alleged wage violations to achieve the result herein. But for the class representatives, this settlement would not have been reached. The proposed class representative service award payments for Plaintiffs are intended to recognize their initiative, risk, and efforts on behalf of the Settlement Class. Courts routinely approve class representative service payments, also known as incentive awards, to compensate named Plaintiffs for the services they provide and the risks they incur during class action litigation. *See In re Cellphone Fee*

Termination Cases, 186 Cal. App. 4th 1380, 1393 (2010); *see also Bell v. Farmers Ins. Exch.*, 115 Cal. App. 4th 715, 726 (2004) (upholding "service payments" to named Plaintiffs for efforts in bringing the case); Manual for Complex Litigation, Fourth, § 21.62, fn. 971 (noting that such awards "may sometimes be warranted for time spent meeting with Class Members, monitoring cases, or responding to discovery").

6. Plaintiffs' counsel's attorney's fees and costs are reasonable

California courts have recognized that an appropriate method for determining an award of attorneys' fees is based on a percentage of the total value of benefits to class members by the settlement. *Serrano v. Priest* (1977) 20 Cal.3d 25, 34; *Vincent v. Hughes Air West, Inc.*, 557 F.2d 759, 769 (9th Cir. 1977). The purpose of this equitable doctrine is to avoid unjust enrichment of counsel and to "spread litigation costs proportionally among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." *Vincent*, 557 F.2d at 769.

Class Counsel has extensive experience in employment litigation and has successfully handled wage and hour class actions. Class Counsel seek up to one-third of the Settlement Amount for attorney's fees, and Class Counsel will submit detailed billing with the final approval motion.

Moreover, Class Counsel seeks costs not to exceed $20,000, plus class administrator expenses not to exceed $24,000, which Defendant has agreed to pay out of the settlement amount. All such costs, as well as the class administrator's expenses to oversee the class notice procedure and remit the settlement fund to the class, are reasonably necessary in prosecuting this action.

VI. THE PROPOSED CLASS NOTICE IS FAIR AND APPROPRIATE

The method and content of a Class Notice class members should be designed to fairly apprise them of the terms of the proposed settlement and options available to them. *See Philadelphia Housing Authority v. American Radiators& Standard Sanitary Corp.*, 323 F. Supp. 364, 378 (E.D. Pa. 1970). An appropriate notice is one which has a reasonable chance of reaching a substantial percentage of the class members. *See Cartt v. Superior Court*, 50 Cal. App. 3d 960, 974 (1975).

The proposed Notice of Class Settlement is fair and reasonable in this case. It describes the nature of the lawsuit, the Settlement Class, the settlement amount, the proposed plan of allocation of the settlement amount, and the attorneys' fees that Class Counsel may receive. The proposed notice also describes the Settlement Agreement in sufficient detail to allow the Settlement Class Members to make an informed choice to accept or reject it. The proposed Notice also contains information on opting out of the Class, objecting to the settlement, and sets forth the final approval hearing date and time.

Moreover, the parties propose that the Class Notice be mailed by the Settlement Administrator to all Class members at the last known address maintained by Defendant, and updated by the Settlement Administrator, if necessary, after accessing the National Change of Address database. In the event the Class Notice is returned as undeliverable, the Settlement Administrator will perform a skip-trace procedure, and if such procedure reveals a new address, the Settlement Administrator will re-mail the Notice within five business days.

In summary, the proposed notice here describes the proposed settlement with enough specificity to permit class members to make an informed decision whether to participate in the settlement.

VII. CONCLUSION

Based on the foregoing, Plaintiffs respectfully request that this Court preliminarily approve the Settlement, approve the Class Notice, and set the date and time for the Final Approval Hearing.

Dated: March 31, 2026 BARTZ LAW GROUP, APC

//Aaron Bartz//
Aaron A. Bartz
Attorneys for Plaintiffs CATALINA PALACIOS and RUBY RODRIGUEZ and all others similarly situated