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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO

MONIQUE PEMBRICK, on behalf of herself and all others similarly situated, Plaintiffs, v. LOYAL SOURCE GOVERNMENT SERVICES, LLC., a Florida Limited Liability Company. Defendants.	CASE NO.: 24CU002332C *Assigned to the Hon. Joel R. Wohlfeil* **PLAINTIFFS' UNOPPOSED MOTION TO APPROVE THE SETTLEMENT PURSUANT TO THE PRIVATE ATTORNEYS GENERAL ACT OF 2004; MEMORANDUM OF POINTS AND AUTHORITIES** **<u>Hearing Information:</u>** Date: April 17, 2026 Time: 9:00 a.m. Dept.: SD-73

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on April 17, 2026, at 9:00 a.m., or as soon thereafter as the matter may be heard in Department SD-73 of the Superior Court of the State of California, County of San Diego, located at 330 W Broadway, San Diego, California 92101, before the Honorable Joel R. Wohlfeil, Plaintiffs Monique Pembrick and Leslie Westfield Baxter will, and hereby, move the Court for an order approving a settlement pursuant to the Private Attorneys General Act of 2004, Labor Code section 2698 *et seq*.

This unopposed motion seeks approval of a non-reversionary $550,000 PAGA settlement reached after mediation, which resolves all PAGA claims alleged in this action on behalf of all non-exempt employees who worked for Defendant in California during the PAGA Period.

As set forth in the PAGA Settlement Agreement, the Gross Settlement Amount is allocated as follows:

- 75% of the PAGA penalties, presently estimated to be approximately $233,557.32, to the California Labor and Workforce Development Agency,
- 25% of the PAGA penalties, presently estimated to be approximately $77,852.44, to Aggrieved Employees, distributed on a pro rata basis based on PAGA Pay Periods worked,
- Attorneys' fees in an amount not to exceed one third of the Gross Settlement Amount, presently estimated to be $183,333.33, and litigation expenses not to exceed $30,256.91,
- Service awards of $10,000 to each named Plaintiff,
- Settlement administration costs not to exceed $5,000.

This motion is based on this Notice, the Memorandum of Points and Authorities, the Declarations of Plaintiffs' Counsel Mehrdad Bokhour, Joshua Falakassa, and Jonathan Melmed, the Declarations of Plaintiffs Monique Pembrick and Leslie Westfield Baxter, the PAGA Settlement Agreement, the proposed Order Granting Approval of PAGA Settlement, all pleadings and papers on file in this action, and upon such further argument and evidence as may be presented at the hearing.

Dated: February 5, 2026

BOKHOUR LAW GROUP, P.C.
FALAKASSA LAW, P.C.

By: ______________________________

Mehrdad Bokhour, Esq.
Joshua Falakassa, Esq.
Attorneys for Plaintiffs and the Aggrieved Employees

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I. INTRODUCTION

Plaintiffs Monique Pembrick and Leslie Westfield Baxter ("Plaintiffs"), individually and on behalf of other allegedly aggrieved employees, and acting as representatives of the State of California, bring this representative action for civil penalties against their former employer, Defendant Loyal Source Government Services, LLC ("Defendant"), pursuant to the Private Attorneys General Act of 2004, California Labor Code section 2698 et seq. ("PAGA"). (Declaration of Mehrdad Bokhour in Support of Plaintiffs' Motion for Approval of PAGA Settlement ("Bokhour Decl."), ¶ 41.)

A PAGA action is a type of qui tam proceeding that authorizes private citizens to step into the shoes of the State of California to enforce the Labor Code. (*Iskanian v. CLS Transp. Los Angeles, LLC* (2014) 59 Cal.4th 348, 380–382.) In such an action, the State of California is the real party in interest. (*Id.* at 382.)

As required by statute, the State of California, through the Labor and Workforce Development Agency, was timely served with a copy of the executed PAGA Settlement Agreement and this Motion for Approval. (Declaration of Mehrdad Bokhour in Support of Plaintiffs' Motion for Approval of PAGA Settlement (Bokhour Decl., ¶ 41).

Plaintiffs' operative PAGA claims are brought on behalf of all non-exempt employees who worked for Defendant in California during the PAGA Period, defined as May 14, 2023, through the date of approval of the settlement (the "Aggrieved Employees"). (Bokhour Decl. ¶ 9.)

Plaintiffs allege that, during the relevant period:

- Defendant failed to properly calculate and pay overtime wages and sick time wages to Plaintiffs and the Aggrieved Employees, including as a result of Alternative Workweek Schedules and violations of "regular rate of pay" requirements. (Bokhour Decl. ¶ 10.)
- Plaintiffs and the Aggrieved Employees were denied compliant meal periods and rest periods as a result of Defendant's policies, practices, and operational requirements. (Bokhour Decl. ¶ 10.)
- Defendant failed to reimburse necessary business expenses, failed to timely pay wages, failed to timely pay final wages upon separation of employment, and issued inaccurate

itemized wage statements or otherwise failed to maintain required payroll records, thereby subjecting Defendant to civil penalties under PAGA. (Bokhour Decl. ¶ 11.)

Following informal discovery, including the exchange and review of workplace policies, time and payroll records, and other data necessary to evaluate Plaintiffs' PAGA claims and potential exposure, the Parties participated in a full day private mediation before Deborah Saxe, Esq., a well-respected and experienced wage and hour mediator. (PAGA Settlement Agreement, Recitals.) With the assistance of Ms. Saxe, the Parties engaged in arm's length negotiations and were able to reach a resolution of this action. (Bokhour Decl. ¶ 12.)

With a comprehensive PAGA Settlement Agreement now in place, Plaintiffs seek, without opposition from Defendant, the Court's approval of a five-hundred fifty thousand dollar ($550,000) non-reversionary settlement resolving all PAGA claims alleged in this action pursuant to the Private Attorneys General Act of 2004, Labor Code section 2698 et seq. ("PAGA"). The settlement applies to all Aggrieved Employees, defined as non-exempt hourly employees who worked for Defendant in California during the PAGA Period, and is based on Defendant's estimate that Aggrieved Employees worked approximately 20,500 PAGA Pay Periods during the PAGA Period. (PAGA Settlement Agreement §§ 1.19, 4.1.)

Following the proposed deductions from the Gross Settlement Amount of five hundred fifty thousand dollars ($550,000), including attorneys' fees of $183,333.33, litigation costs of $30,256.91, settlement administration expenses capped at $5,000, and service awards of $10,000 to each named Plaintiff, the remaining amount of $311,409.76 will be allocated as PAGA penalties in accordance with Labor Code section 2699, subdivision (i). Of that amount, 75% ($233,557.32) will be paid to the California Labor and Workforce Development Agency, and 25% ($77,852.44) will be distributed to approximately 758 Aggrieved Employees on a pro rata basis based on the number of PAGA Pay Periods worked during the PAGA Period

This results in an average PAGA-only payment of approximately $102.71 per employee, which is meaningful relief for aggrieved employees, given that the settlement does not release any individual damages or statutory claims, and the value is being distributed solely for representative penalties under PAGA. (Settlement Agreement § 5.1.)

This settlement merits full approval because it furthers the statutory goals of PAGA:

- To deter future Labor Code violations,
- To incentivize employer compliance with wage and hour laws,
- And to provide meaningful enforcement of California labor standards for the public benefit. (*See* Labor Code § 2698 et seq.; *Arias v. Superior Court* (2009) 46 Cal.4th 969, 980.)

Approval of the settlement is governed by Labor Code section 2699, subdivision (l)(2), which provides that "[t]he superior court shall review and approve any settlement of any civil action filed pursuant to this part." PAGA settlements are not subject to class certification requirements, such as numerosity, typicality, adequacy, or commonality, nor to a preliminary and final approval process. (*See Arias*, supra, at pp. 975–976; *Iskanian v. CLS Transp. Los Angeles, LLC* (2014) 59 Cal.4th 348, 380–382.)

For these reasons, and those discussed in more detail below, Plaintiffs respectfully request that the Court grant approval of the PAGA Settlement as fair, reasonable, and in the public interest.

II. FACTUAL BACKGROUND AND PROCEDURAL HISTORY

Defendant Loyal Source Government Services, LLC is a staffing and recruiting company that provides personnel and support services across various industries, including healthcare and related operational support. (Bokhour Decl. ¶ 13).

Plaintiffs Monique Pembrick and Leslie Westfield Baxter, along with the other Aggrieved Employees, were employed by Defendant in non-exempt hourly positions in California during the PAGA Period. (Bokhour Decl., ¶ 14.) The Aggrieved Employees performed a range of job duties depending on assignment and location and were subject to Defendant's compensation policies and practices that form the basis of the alleged Labor Code violations. (Id.)

On July 19, 2024, Plaintiff Monique Pembrick commenced a representative action under PAGA in the Superior Court of California, County of San Diego.

On November 14, 2024, Plaintiff Leslie Westfield Baxter commenced a substantially similar PAGA action in the Superior Court of California, County of San Bernardino. The actions were later coordinated through amendment, with the Pembrick action serving as the operative action for purposes of settlement approval. (Bokhour Decl., ¶¶ 15 to 17; PAGA Settlement Agreement, Recitals.)

Plaintiffs allege that Defendant failed to properly pay overtime and sick time wages, failed to provide compliant meal and rest periods, failed to reimburse necessary business expenses, failed to timely pay wages during employment and upon separation, and failed to issue accurate itemized wage statements or otherwise maintain required payroll records, thereby subjecting Defendant to civil penalties under PAGA. (Bokhour Decl., ¶ 18.)

After filing, Defendant removed the action to federal court, asserting federal jurisdiction based on the federal enclave doctrine. The Parties litigated issues in federal court and engaged in extensive discovery during the pendency of the federal proceedings. (Bokhour Decl., ¶ 19.)

In advance of mediation, the Parties engaged in an informal exchange of relevant information and documents. Defendant produced policies, time and payroll records, and other data sufficient to permit Plaintiffs' counsel to evaluate the factual and legal bases of the PAGA claims and Defendant's potential exposure. (Bokhour Decl., ¶ 20.)

As part of this informal discovery process, Plaintiffs' counsel analyzed issues including, but not limited to, unpaid wages, meal and rest period compliance, regular rate calculations, expense reimbursement practices, wage statement accuracy, and timely payment of wages. Plaintiffs' counsel also reviewed applicable policies, practices, and pay data to assess litigation risks and potential recovery if the matter were to proceed. (Bokhour Decl., ¶ 21; Declaration of Joshua Falakassa in Support of Plaintiffs' Motion for Approval of PAGA Settlement ("Falakassa Decl.").)

Following these efforts, the Parties participated in a full-day private mediation on July 17, 2025, before Deborah Saxe, Esq., a well-respected and experienced wage-and-hour mediator. With Ms. Saxe's assistance, the Parties engaged in arm's length negotiations and reached a negotiated resolution of the PAGA claims asserted in this action. (PAGA Settlement Agreement, Recitals; Bokhour Decl., ¶ 22.)

The Parties thereafter memorialized the material terms of their agreement in a formal Private Attorneys General Act Settlement Agreement, which is now presented to the Court for review and approval. (Bokhour Decl., ¶ 23.)

III. THE PAGA AND ITS REQUIREMENTS

The Private Attorneys General Act of 2004 ("PAGA"), codified at Labor Code section 2698 *et seq*., provides a mechanism for aggrieved employees to recover civil penalties on behalf of the State of California for violations of the Labor Code committed by their employers. Before the enactment of PAGA, enforcement of such civil penalties was vested almost exclusively in California's labor enforcement agencies. (*Arias v. Superior Court* (2009) 46 Cal.4th 969, 980.)[1]

Recognizing the limited resources of those agencies and the prevalence of Labor Code violations, the California Legislature determined it was in the public interest to authorize private individuals to act as private attorneys general to enforce the law. (Id.) As the Legislature explained, "[t]he only meaningful deterrent to unlawful conduct is the vigorous assessment and collection of civil penalties as provided in the Labor Code." (Stats. 2003, ch. 906, § 1(b).) Labor Code section 90.5, subdivision (a), further reflects the Legislature's intent that California's labor laws protect employees from being required or permitted to work under unlawful conditions and protect law abiding employers from unfair competition. The Legislature also found that labor enforcement agencies lacked sufficient staffing to keep pace with labor market growth and that private enforcement through PAGA was a necessary supplement while retaining agency primacy. (Stats. 2003, ch. 906, § 1(c).)

Under Labor Code section 2699, subdivision (i), civil penalties recovered in a PAGA action are distributed 75% to the Labor and Workforce Development Agency ("LWDA") for enforcement and education efforts and 25% to the aggrieved employees.

In this case, Plaintiffs timely submitted PAGA notice letters to Defendant and the LWDA on May 14, 2024 and July 29, 2024, identifying the alleged Labor Code violations at issue. The LWDA did not elect to investigate or intervene, thereby authorizing Plaintiffs to proceed with this representative enforcement action on behalf of the State. (Bokhour Decl., ¶¶ 15 to 18.) The LWDA has also been

[1] Effective June 19, 2024, the Legislature enacted amendments to PAGA through Assembly Bill 2288 and Senate Bill 92, which, among other changes, modified the allocation of PAGA penalties in certain circumstances and provided for a revised penalty framework and enhanced cure provisions. (See Lab. Code §§ 2699, 2699.3, as amended.) Those amendments generally apply prospectively and do not govern the claims or penalty allocation at issue here, which arise from alleged violations and enforcement proceedings initiated prior to the amendments' effective date. Accordingly, the statutory seventy-five percent to the Labor and Workforce Development Agency and twenty-five percent to aggrieved employee's allocation under Labor Code section 2699, subdivision (i), applies to this settlement.

provided with notice of the executed PAGA Settlement Agreement and this Motion for Approval in accordance with Labor Code section 2699, subdivision (l)(2). (Bokhour Decl., ¶ 41.)

PAGA further requires that any settlement of a PAGA claim brought by an aggrieved employee be reviewed and approved by the court. (Lab. Code § 2699, subd. (l)(2).) In *Arias*, the California Supreme Court confirmed that PAGA representative actions are not subject to class certification requirements and do not require notice to other employees as a condition of proceeding. (*Arias, supra*, 46 Cal.4th at pp. 975 to 976, 980 to 988.) In prosecuting a PAGA action, the plaintiff acts as a proxy or agent of the State's labor law enforcement agencies. (*Id*. at p. 986.)

Accordingly, the Court's role is to review the terms of the proposed PAGA settlement to determine whether it is fair, reasonable, and in the public interest, standards that this settlement satisfies for the reasons discussed below.

IV. THE SETTLEMENT AND DISTRIBUTION OF PAGA PENALTIES

The following summarizes the principal terms of the PAGA Settlement Agreement.

A. TERMS OF THE SETTLEMENT AND DISTRIBUTION OF PAGA PENALTIES

The Settlement provides that Defendant will pay a non-reversionary gross settlement amount of five hundred fifty thousand dollars ($550,000) (the "Gross Settlement Amount"). The Gross Settlement Amount is inclusive of all amounts to be paid under the Settlement, including PAGA civil penalties payable to the Labor and Workforce Development Agency ("LWDA") and the Aggrieved Employees, attorneys' fees and litigation expenses, settlement administration expenses, and service awards to Plaintiffs. (PAGA Settlement Agreement §§ 3.1 to 3.2; Bokhour Decl., Ex. B.)

Following the proposed deductions from the Gross Settlement Amount, including attorneys' fees of $183,333.33, litigation costs of $30,256.91, settlement administration expenses capped at $5,000, and service awards of $10,000 to each named Plaintiff, the remaining amount of $311,409.76 constitutes the total PAGA penalties to be allocated pursuant to Labor Code section 2699, subdivision (i). (PAGA Settlement Agreement § 3.2.4.)

Pursuant to Labor Code section 2699, subdivision (i), and the terms of the Settlement Agreement:

- 75% of the PAGA penalties, or $233,557.32, will be paid to the LWDA for labor law enforcement and education purposes,

- 25% of the PAGA penalties, or $77,852.44, will be distributed to approximately 758 Aggrieved Employees on a pro rata basis based on the number of PAGA Pay Periods worked during the PAGA Period

The Settlement is non-reversionary. No portion of the Gross Settlement Amount will revert to Defendant. Any Individual PAGA Payment checks that remain uncashed after the applicable void period will be transmitted to the California Unclaimed Property Fund in the name of the Aggrieved Employee, in accordance with California law. (PAGA Settlement Agreement § 4.6.)

The estimated allocation of the Gross Settlement Amount is summarized below:

	Amount
Gross Settlement Amount	$550,000.00
PAGA Counsel Fees Payment	$183,333.33
PAGA Counsel Litigation Expenses Payment	$30,256.91
Administration Expenses Payment	$5,000.00
Plaintiffs' Service Awards ($10k each Plaintiff)	20,000.00
PAGA Fund	**$311,409.76**
75% to the LWDA	$233,557.32
25% to Aggrieved Employees	$77,852.44

As such, the LWDA will receive approximately $233,557.32 (75% of the PAGA Fund) and the Aggrieved Employees will collectively receive approximately $77,852.44 (25% of the PAGA Fund), which will be paid on a pro-rata basis according to the number of pay periods worked during the PAGA Period. The average payment to the Aggrieved Employees is approximately $102.71 (Bokhour Decl. ¶ 28).

B. PAYMENT AND THE NOTICE

Defendant shall fund the Gross Settlement Amount within thirty (30) days after Court approval of the Settlement. (PAGA Settlement Agreement § 4.2.)

Within seven (7) days after Defendant fully funds the Gross Settlement Amount, the Settlement Administrator will issue payments as follows:

- Individual PAGA Payments to Aggrieved Employees representing 25% of the PAGA penalties,
- The LWDA PAGA Payment representing 75% of the PAGA penalties

- Payment to the Settlement Administrator for approved settlement administration expenses,
- Service awards of $10,000 to each named Plaintiff, and
- Payment to Plaintiffs' counsel for Court approved attorneys' fees and litigation expenses (PAGA Settlement Agreement §§ 4.3 to 4.5)

Each Aggrieved Employee will have one hundred eighty (180) days from the date of issuance to cash his or her Individual PAGA Payment check. (PAGA Settlement Agreement § 4.5.1.) Any Individual PAGA Payment check that remains uncashed after the void date will be cancelled, and the funds represented by that check will be transmitted to the California Unclaimed Property Fund in the name of the respective Aggrieved Employee, in accordance with California law. (PAGA Settlement Agreement § 4.5.3.)

C. Settlement Allocation to the Aggrieved Employees

As set forth in the PAGA Settlement Agreement, 25% of the PAGA penalties, or $77,852.44, will be allocated to the Aggrieved Employees. (PAGA Settlement Agreement § 3.2.4.)

Based on data provided by Defendant, approximately 758 Aggrieved Employees will share in this allocation on a pro rata basis, determined by the number of PAGA Pay Periods each Aggrieved Employee worked during the PAGA Period. (PAGA Settlement Agreement §§ 1.1, 1.19, 3.2.4.)

The PAGA Period is defined in the Settlement Agreement as the period from May 14, 2023, through the date of approval of the Settlement and includes all non-exempt hourly employees who worked for Defendant in California during that time. (PAGA Settlement Agreement § 1.19.)

Each Individual PAGA Payment represents civil penalties rather than wages. Accordingly, the Settlement Administrator will treat Individual PAGA Payments as non-wage income and will report such payments on IRS Form 1099, to the extent required by law. (PAGA Settlement Agreement § 3.2.4.)

D. The Release

The California Supreme Court has held that a judgment in a representative action brought by an aggrieved employee under the Private Attorneys General Act of 2004 is binding not only on the named plaintiff but also on the State of California and other aggrieved employees who are not parties to the proceeding. (*Arias v. Superior Court* (2009) 46 Cal.4th 969, 985–986.)

Here, the release contained in the PAGA Settlement Agreement is appropriately narrow. It binds only the Labor and Workforce Development Agency, the State of California, and the Aggrieved Employees, and only with respect to PAGA civil penalty claims. The release does not extend to any individual damages, statutory claims, or causes of action outside the scope of PAGA. The release becomes effective only upon Defendant's full funding of the Gross Settlement Amount. (PAGA Settlement Agreement § 5.1.)

The operative release provision states:

> 5.1. The LWDA, State of California, and all Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA Penalties that were alleged or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices.

Consistent with California law, the release is limited to representative PAGA claims that were alleged or reasonably could have been alleged based on the factual allegations contained in the operative complaint and the PAGA notices. Given these limitations, the scope of the release is reasonable, appropriately tailored, and enforceable under governing PAGA authority.

V. THE SETTLEMENT IS FAIR AND REASONABLE AND WARRANTS COURT APPROVAL

In 2016, the Legislature amended PAGA to require that "[t]he superior court shall review and approve any settlement of any civil action filed pursuant to this part." (Lab. Code § 2699, subd. (l)(2).) The statute further requires that a proposed PAGA settlement be submitted to the Labor and Workforce Development Agency ("LWDA") at the same time it is submitted to the Court. Plaintiffs have complied with this requirement. The executed PAGA Settlement Agreement and this Motion for Approval were concurrently submitted to the LWDA. (Bokhour Decl., ¶ 41.)

In addition to procedural compliance, courts must evaluate whether a proposed PAGA settlement is fair, reasonable, and consistent with PAGA's statutory purposes, including deterring Labor Code violations, incentivizing employer compliance, and advancing the State's interest in enforcement of labor standards. (*See Arias v. Superior Court* (2009) 46 Cal.4th 969, 980.) Courts routinely approve PAGA settlements where the record demonstrates that the agreement reflects a genuine and informed compromise reached through arm's-length negotiations after an evaluation of the strengths, weaknesses, and risks of continued litigation. (*See Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 76.)

Those factors are present here. Prior to settlement, the Parties engaged in meaningful litigation activity and informal discovery. Defendant produced policies, time and payroll records, and other data sufficient to permit Plaintiffs' counsel to evaluate the factual and legal bases of the alleged PAGA violations and Defendant's potential exposure. Plaintiffs' counsel analyzed this information to assess liability theories, potential penalties, and litigation risks. (Bokhour Decl., ¶¶ 19 to 20.)

After completing this analysis, the Parties participated in a full-day private mediation on July 17, 2025, before Deborah Saxe, Esq., a well-respected and experienced wage-and-hour mediator. With the assistance of the mediator, the Parties engaged in arm's length negotiations and reached a negotiated resolution of the PAGA claims asserted in this action. (Bokhour Decl., ¶¶ 21 to 22; PAGA Settlement Agreement, Recitals.)

The resulting non-reversionary settlement provides for a gross settlement amount of $550,000. After payment of court-approved attorneys' fees, litigation expenses, settlement administration costs, and service awards, a total of $311,409.76 is allocated as PAGA penalties. Of that amount, seventy-five percent, or $233,557.32, will be paid to the LWDA, and twenty-five percent, or $77,852.44, will be distributed to approximately 758 Aggrieved Employees on a pro rata basis based on the number of PAGA Pay Periods worked during the PAGA Period.

This allocation provides meaningful recovery to the State and to Aggrieved Employees, while also accounting for the risks inherent in continued litigation, including Defendant's defenses, evidentiary challenges, and the Court's discretion to reduce civil penalties under Labor Code section 2699, subdivision (e)(2). The settlement advances PAGA's enforcement objectives, imposes a substantial monetary consequence for the alleged violations, and avoids the delay, expense, and uncertainty of further litigation.

For these reasons, the proposed PAGA Settlement represents a fair, reasonable, and adequate compromise that serves the public interest. Plaintiffs therefore respectfully request that the Court grant approval of the Settlement.

A. <u>EVALUATION OF THE PAGA SETTLEMENT</u>

Although PAGA and its legislative history do not require courts to evaluate settlements against a theoretical maximum value of the claims, courts routinely consider whether the civil penalties recovered are reasonable in light of the potential exposure, litigation risks, and the purposes of PAGA. Here, even under that analytical framework, the penalties provided under the Settlement are fair and reasonable.

Based on the information exchanged during informal discovery, Plaintiffs estimate that Defendant's maximum potential PAGA penalty exposure was approximately $2,050,000, calculated using approximately 20,500 PAGA Pay Periods and the statutory $100 per pay period penalty applicable to an initial violation. (Bokhour Decl., ¶ 29.) This estimate is grounded in Plaintiffs' core liability theories, including alleged underpayment of overtime and sick pay due to improper "regular rate of pay" calculations, meal and rest period violations, and derivative penalties related to wage statements, timely wage payment, and final pay.

However, Plaintiffs' analysis also demonstrated that not every pay period reflected a violation. For example, the data indicated that alleged meal period violations occurred in approximately 60% of pay periods, and only a subset of pay periods were potentially impacted by regular rate miscalculations affecting overtime or sick pay. As a result, while the theoretical maximum provides an outer boundary, Plaintiffs reasonably concluded that actual recoverable penalties would likely be substantially lower even if liability were established.

Plaintiffs' exposure analysis was based on the civil penalty framework set forth in Labor Code section 2699, subdivision (f)(2), which generally provides for penalties of $100 per aggrieved employee per pay period for an initial violation and $200 per pay period for subsequent violations. Plaintiffs considered authority holding that the higher subsequent violation rate may apply after an employer has received notice of the alleged violations, including through PAGA notice letters. (*See Amaral v. Cintas Corp.* (2008) 163 Cal.App.4th 1157.) At the same time, Plaintiffs recognized that some courts have concluded the $200 rate applies only after a violation has been adjudicated by a court or agency, rather than upon receipt of a PAGA notice alone. (*See, e.g., Amalgamated Transit Union Local 1309 v. Laidlaw Transit Services, Inc.* (C.D. Cal. 2009) 2009 U.S. Dist. LEXIS 69842, at *26.) Defendant disputes the applicability of the higher rate and contends that only the $100 per pay period penalty would apply.

In addition, Defendant disputes liability entirely and asserts multiple defenses, including that any alleged violations were isolated, unintentional, or de minimis, and that it maintained good faith compliance efforts. Defendant further contends that the Court would be authorized under Labor Code section 2699, subdivision (e)(2), to substantially reduce any penalties based on the facts and circumstances of the case, including where an award would be unjust, arbitrary, oppressive, or confiscatory. Defendant also challenges the propriety of stacking penalties for multiple derivative violations.

Against this backdrop of factual disputes, legal uncertainty, and discretionary penalty reduction, the Settlement allocates a total of $311,409.76 in PAGA civil penalties. Of that amount, $233,557.32 will be paid to the Labor and Workforce Development Agency, and $77,852.44 will be distributed to approximately 758 Aggrieved Employees on a pro rata basis based on PAGA Pay Periods worked. This represents a meaningful recovery in light of the realistic exposure and litigation risks associated with continued prosecution of the claims.

The agreed-upon penalties were reached only after Plaintiffs' counsel conducted a thorough investigation, analyzed time and payroll data, reviewed Defendant's policies and practices, evaluated potential liability and defenses, and engaged in arm's length negotiations during private mediation. The Settlement provides meaningful enforcement relief to the State and affected employees, advances the deterrent purposes of PAGA, and avoids the expense, delay, and uncertainty of further litigation.

Accordingly, the Settlement represents a fair and reasonable compromise of disputed PAGA claims and warrants Court approval.

B. THE REQUEST SERVICE AWARD TO PLAINTIFFS IS FAIR AND REASONABLE

Plaintiffs respectfully request that the Court approve service awards of $10,000 to each named Plaintiff in recognition of their time, effort, and commitment in prosecuting this action on behalf of the State of California and the Aggrieved Employees. The requested awards are reasonable in light of Plaintiffs' active and meaningful participation in the case and their contributions to achieving the settlement.

Throughout the litigation, Plaintiffs each assisted counsel by providing factual information, reviewing pleadings and declarations, responding to discovery, reviewing Defendant's policy documents and payroll data, and providing input during settlement discussions. Plaintiffs also remained engaged in the prosecution of this representative action and supported resolution of the matter through mediation after the exchange and analysis of relevant information. These efforts were undertaken for the benefit of the State and the Aggrieved Employees and involved the expenditure of personal time and effort beyond that of absent employees)

Courts routinely approve service awards in PAGA only actions to compensate representative plaintiffs who invest time and energy in advancing enforcement claims on behalf of the State and other aggrieved employees. Such awards recognize the burdens and responsibilities assumed by representative plaintiffs and the important role they play in enforcing the Labor Code where state resources are limited. (*See, e.g., Gonzalez v. CoreCivic of Tennessee, LLC* (E.D. Cal. Mar. 30, 2022) 2022 WL 1050300, at *6 [approving $10,000 service award in PAGA only settlement].)

Here, Plaintiffs helped initiate and prosecute this representative enforcement action, supported counsel's investigation and evaluation of the claims, and contributed to the successful resolution of the case through arm 's-length negotiations in mediation. These efforts ultimately resulted in a non-reversionary $550,000 PAGA settlement that provides meaningful penalties to the State and representative relief to Aggrieved Employees. As the California Supreme Court has recognized, a PAGA plaintiff represents the same legal right and interest as the State's labor law enforcement agencies and acts as a proxy for the State in vindicating public rights.

In light of Plaintiffs' contributions to this matter and the results achieved on behalf of the State and the Aggrieved Employees, the requested service awards of $10,000 to each Plaintiff are fair, reasonable, and appropriate. Plaintiffs, therefore, respectfully request that the Court approve the service awards as part of the overall PAGA settlement.

VI. THE REQUESTED ATTORNEYS' FEES AND LITIGATION COSTS ARE FAIR AND REASONABLE

For their efforts and the risk, they undertook in obtaining a common fund settlement that benefits the LWDA and Aggrieved Employees, the Parties allocated $183,333.33 to Plaintiffs' Counsel for reasonable attorneys' fees, which is one-third of the Gross Settlement Amount. Additionally, the Parties agreed to reimburse Plaintiffs' Counsel for its actual litigation costs. These fees are warranted under the law and within the range of fees commonly awarded in similar cases.

A. <u>Plaintiffs' Counsel are Entitled to Recover Attorneys' Fees Under The Common Fund Doctrine In This Qui Tam Action</u>

PAGA provides that a Plaintiffs is entitled to recover reasonable attorneys' fees, expenses, and costs under section 2699(g)(1) of the California Labor Code, which provides that, "Any employee who prevails in any action shall be entitled to an award of reasonable attorney's fees and costs, including any filing fee paid pursuant to subparagraph (B) of paragraph (1) of subdivision (a) or subparagraph (B) of paragraph (1) of subdivision (c) of Section 2699.3." As discussed below, in a qui tam action, reasonable attorneys' fees and costs are typically awarded under the common fund doctrine where, as here, the litigation creates a common fund of money in a specific amount for the benefit of others.

"A qui tam action is one brought under a statute that allows a private person to sue as a private attorney general to recover damages or penalties, all or part of which will be paid to the government." *People ex rel. Stratham v. Acacia Research Corp.* (2012) 210 Cal.App.4th 487, 491-492. "A qui tam action 'is a type of private attorney general lawsuit' (citation), in which 'the qui tam Plaintiffs stand in the shoes of the state or political subdivision (citation).'" *Id.* at 501. As the name of the PAGA statute makes clear (e.g., "Labor Code Private Attorney General Act"), a PAGA action is a qui tam action because the statute allows the employee Plaintiffs, acting as the proxy of the state's labor law enforcement agency, to sue his or her employer for Labor Code violations and recover civil penalties that otherwise would have been assessed and collected by the LWDA. *Iskanian*, 59 Cal.4th at 380. "A PAGA representative action is therefore a type of *qui tam* action." *Id.* at 382. Indeed, the majority of the civil penalties recovered in a PAGA action are paid to the state, with a smaller portion paid to the aggrieved employees (*e.g.*, 75% paid to the state; 25% paid to the aggrieved employees). See Labor Code § 2699(i).

As here, where a common fund is created in a qui tam action by the successful litigation of a Plaintiffs and his attorneys, the attorneys are entitled to recover their fees from the common fund. *Bank of America v. Cory* (1985) 164 Cal.App.3d 66, 89-91. In *Bank of America*, California taxpayers compelled the State Controller to enforce the Unclaimed Property Law against banks that were retaining accounts that should have been turned over to the State. Because of the success of the taxpayers' lawsuit, a common fund was created in favor of some depositors and the State of California. *Id.* When the taxpayers' attorneys sought recovery of their attorney's fees from the judgment under the common fund doctrine, the Controller opposed the request. The Court of Appeal affirmed the trial court's fee award to the taxpayers' counsel under the common fund doctrine, stating:

> "Those benefiting from the recovery of the fund, in this case some depositors and eventually the People of the State of California, must bear their share of the cost of litigation. Fees for taxpayers' attorneys will be deducted from the judgment, and each claimant's share reduced proportionately. To the extent the judgment relies upon section 1021.5 for recovery of attorney fees, it must be modified to confine the award of fees to the common fund theory." *Id*. at p. 91.

In this case, the PAGA Settlement created a common fund for the benefit of the employees and the State of California. Thus, these beneficiaries must bear their share of the costs and attorneys' fees, which fees and costs must be deducted from the settlement amount under the common fund theory. *Id*. Moreover, such fees are deducted as a percentage of the settlement amount. *Boeing Co. v. Van Gemert* (1980) 444 U.S. 472, 478-482; *Six (6) Mexican Workers v. Arizona Citrus Growers* (9th Cir. 1990) 904 F.2d 1301, 1311; *Williams v. MGM-Pathe Communications Co.* (9th Cir. 1997) 129 F.3d 1026, 1027; *Staton v. Boeing Co.*(9th Cir. 2003) 327 F.3d 938, 967.

The California Supreme Court upheld the use of the common fund theory of recovery for attorneys' fees in *Laffitte v. Robert Half Int' l Inc. (2016) 1 Cal.* 5th 480, 506. In *Laffitte*, the settlement created a common fund of $19 million. This ruling is consistent with the Court's prior rulings recognizing that "when a number of persons are entitled in common to a specific fund, and an action brought by … Plaintiffs for the benefit of all results in the creation or preservation of that fund, such … Plaintiffs may be awarded attorneys' fees out of the fund." *Serrano III v. Priest* (1977) 20 Cal.3d 25, 34; *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478 (1980) ["(A) lawyer who recovers a common fund . . . is entitled to reasonable attorneys' fees from the fund as a whole"]; *Mills v. Electric Auto-Lite Co.* (1970) 396 U.S. 375, 393-394 [discussing the acceptance of awarding attorneys' fees and expenses from a settlement where "litigation has conferred a substantial benefit on the members of an ascertainable class"]; see also *Lealao v. Beneficial California, Inc.* (2000) 82 Cal.App.4th 19, 26 ["(f)ee spreading occurs when a settlement or adjudication results in the establishment of a separate or so-called common fund for the benefit of the class."].)

Accordingly, the common fund doctrine allows a court to award attorneys' fees based upon a percentage of the total fund that is created for the satisfaction of beneficiaries' claims when the fund consists of a "certain or easily calculable sum of money." *Dunk v. Ford Motor, Co.* (1996) 48 Cal.App.4th 1794, 1809; *Jutkowitz v. Bourns, Inc.* (1981) 118 Cal.App.3d 102, 1,282.91 [application of the percentage of the fund recovery depended on "(t)he critical point" that "a fund was created from which attorneys' fees could be paid"]; A. Conte & H. Newberg, *Newberg on Class Actions*, § 14:6 (4th ed. 2002).

California law has long upheld, and continues to uphold, the percentage of the recovery method for awarding attorneys' fees where a fund is established. See e.g., *Serrano v. Priest* (1977) 20 Cal.3d 25, 34; *Bell v. Farmers Insurance Exchange* (2004) 115 Cal.App.4th 715, 726; *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 563 ["fees based on a percentage of the benefits are in fact appropriate in large class actions…"]; *Sanders v. City of Los Angeles* (1970) 3 Cal.3d 252, 261, 263 [affirming award of attorneys' fee based on percentage of recovery]; *Chavez v. Netflix, Inc.*, *supra*, 162 Cal.App.4th at pp. 65-66; see also *Consumer Cause, Inc. v. Mrs. Gooch's Natural Food Markets, Inc.* (2005) 127 Cal.App.4th 387, 397 [the common fund doctrine is "frequently applied in class actions when the efforts of the attorney for the named class representatives produce monetary benefits for the entire class"]; *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 254 ["courts recognize two methods for calculating attorney fees in class actions: the lodestar/multiplier method and the percentage of recovery"].

Based on the foregoing, awarding attorneys' fees of one-third of the Gross Settlement Amount is fair and warranted in light of the PAGA settlement that was reached on behalf of the State of California and Aggrieved Employees. Accordingly, awarding fees on this basis in this amount is reasonable and appropriate.

B. THE PERCENTAGE FEE OF THE GROSS SETTLEMENT AMOUNT IS FAIR AND REASONABLE

An award of fees from the Gross Settlement Amount under the common fund doctrine prevents unjust enrichment of those who benefit from the common fund created through the successful efforts of Plaintiffs' counsel and furthers the important goal of attracting competent counsel to handle representative actions enforcing minimum labor standards. *Laffitte*, 1 Cal.5th at 503. In affirming the use of the common fund doctrine in California, the California Supreme Court summarized the benefits of the percentage method of recovery stating: "The recognized advantages of the percentage method—including relative ease of calculation, alignment of incentives between counsel and the class, a better approximation of market conditions in a contingency case, and the encouragement it provides counsel to seek an early settlement and avoid unnecessarily prolonging the litigation (citations)—convince us the percentage method is a valuable tool that should not be denied our trial courts." *Id*.

Among the factors considered in determining whether the requested fee percentage is reasonable are: (1) the results achieved; (2) the risk of further litigation; (3) the skill required of Plaintiffs' counsel and the quality of work performed by Plaintiffs' counsel; (4) the contingent nature of the fee and the financial burden carried by the Plaintiffs; and (5) awards made in similar cases. *Vizcaino v. Microsoft Corp*. (9th Cir. 2002) 290 F.3d 1043, 1048-50. All these factors support an award of one-third of the common fund.

First, Plaintiffs' counsel achieved a superb PAGA settlement in a case that involved highly contested issues that were primarily related to small, alleged underpayments, as well as limited meal and rest break violation rates.

Second, Plaintiffs faced significant risks going forward with the litigation. As discussed above, Defendant raised various defenses, and, as a result, Plaintiffs faced significant risks going forward in this litigation, and it would have taken significant time to realize any recovery in this action.

Third, Plaintiffs' Counsel are experienced representative PAGA action litigators, including having been selected as a "Super Lawyer" in employment litigation and having achieved some of the largest PAGA awards in the State of California (Bokhour Decl. ¶¶ 3-8). This experience and expertise, combined with the high quality of work performed by Plaintiffs' Counsel, resulted in the settlement achieved in this case.

Fourth, as discussed above and as set forth in the Declaration of Plaintiffs' Counsel, the request for attorneys' fees falls well within the norms accepted by state and federal courts in California in comparable wage and hour actions actually handled by Plaintiffs' Counsel.

For all of the above reasons, a fee award of one-third of the Gross Settlement Amount is fair and reasonable.

C. <u>A Lodestar Cross-Check Confirms the Reasonableness of the Fee Award</u>

Despite recognized limitations of the lodestar method, California and federal courts often find it useful as a "cross-check" on the reasonableness of percentage-based attorneys' fee requests.[2] *Lealao*, *supra*, 82 Cal.App.4th at 46-47. Under this approach, the court calculates counsel's total lodestar by multiplying the hours reasonably expended by each attorney or legal staff member by their respective hourly rates. The resulting figure may then be adjusted using a multiplier based on factors such as the novelty or difficulty of the issues, the contingency risk, and the results achieved. (*See PLCM Group, Inc. v. Drexler* (2000) 22 Cal.4th 1084, 1095–96; *Press v. Lucky Stores, Inc.* (1983) 34 Cal.3d 311, 322; *Lealao*, supra, at 43.)

Here, Plaintiffs' counsel requests fees in the amount of $183,333.33—representing one-third of the gross settlement amount. As set forth in the declarations of Plaintiffs' counsel submitted herewith, this fee represents a slight 1.15 multiplier when cross-checked against their actual lodestar, which totals $159,021.91. The table below summarizes the lodestar calculation:

<u>Lodestar Summary</u>

Attorney	Experience	Hourly Rate	Total Hours	Lodestar
Mehrdad Bokhour	13 years	$750	85[3]	$63,750
Joshua Falakassa	12 years	$725	75	$54,375
Jonathan Melmed	12 years	$948	31	$29,388.00
Laura M. Supanich	8 years	$839	8.7	$7,299.30
Michiko Vartanian	8 years	$581.00	4.1	$2,382.10
Alma Hernandez	1 years	$258.00	2.4	$619.20
Arthur Mgdesyan	1 years	$473.00	2.5	$1,182.50

[2] In practice, the lodestar method is difficult to apply, time-consuming to administer, inconsistent in result, and capable of manipulation. In addition, the lodestar creates inherent incentive to prolong the litigation until sufficient hours have been expended. Herr, David F., *Manual for Complex Litigation,* § 14.121 (1988); *see also In re Activision* (N.D. Cal 1989) 723 F.Supp 1373.

[3] Includes an estimated 25 hours of additional work in preparation for and attending the hearing, as well as work that is anticipated to be performed after the hearing with counsel, administrator, employees, and the court.

Lorie Gutierrez	11 years	$258.00	.10	$25.80
		TOTAL		$159,021.91

(*See* Bokhour Decl. ¶ 36; Falakassa Decl. ¶ 29.)

The requested fee of $183,333.33 represents a lodestar multiplier of approximately 1.15. This is well within the range routinely approved by California courts, particularly in wage and hour litigation involving significant litigation risk, meaningful relief, and substantial investment of attorney time. The requested fee is thus reasonable and appropriate under both the percentage-of-recovery method and the lodestar cross-check.

The hourly rates requested by Plaintiffs' counsel are consistent with rates approved by California courts for attorneys of similar skill, experience, and reputation in complex wage-and-hour matters. The starting point for determining a reasonable hourly rate is the prevailing market rate in the relevant legal community. (*See PLCM Group, Inc. v. Drexler* (2000) 22 Cal.4th 1084, 1095; *Chavez v. City of Los Angeles* (2010) 47 Cal.4th 970, 985.)

Given that Mr. Bokhour (14 years) requests $750 per hour and Mr. Falakassa (12+ years) requests $725 per hour, their rates fall squarely within the approved and prevailing range for experienced counsel handling complex representative employment matters in California.

Thus, the hourly rates used in Plaintiffs' lodestar calculation are well-supported by recent authority and further confirm that the requested attorneys' fees are fair, reasonable, and consistent with market standards.

D. THE REQUESTED LITIGATION COSTS ARE FAIR AND REASONABLE

Plaintiffs' Counsel respectfully request reimbursement of their actual out of pocket litigation expenses incurred in prosecuting this representative PAGA action. These costs were reasonable, necessary, and directly related to advancing the State's enforcement interests and achieving the proposed settlement. Courts routinely permit recovery of litigation costs from a common fund in representative actions, including PAGA cases, where such costs were reasonably incurred in furtherance of the litigation. (*See Serrano v. Priest* (1977) 20 Cal.3d 25, 35 [common fund doctrine permits recovery of fees and costs from the fund]; *Rider v. County of San Diego* (1992) 11 Cal.App.4th 1410, 1424 n.6 [litigation costs may be recovered for the same reasons supporting a fee award].)

Courts also recognize that counsel is entitled to recover those out-of-pocket expenses that would normally be charged to a fee-paying client. (*Harris v. Marhoefer* (9th Cir. 1994) 24 F.3d 16, 19.) Such expenses include filing fees, mediation costs, court reporting and transcript fees, legal research, and other case administration expenses reasonably necessary to prosecute the action.

Here, Plaintiffs' Counsel seeks reimbursement of $30,256.91 in litigation costs, reflecting their actual expenses incurred through the anticipated settlement approval process. (Bokhour Decl., ¶ 39.) These costs were incurred in connection with the investigation of the claims, analysis of payroll and policy data, mediation, and preparation of settlement approval materials. Defendant does not oppose reimbursement of these costs.

The Settlement Agreement contemplates reimbursement of litigation expenses subject to Court approval and provides that any reduction in the amount of costs approved by the Court will be reallocated to the Net Settlement Amount for distribution as PAGA penalties. Accordingly, approval of the requested costs will not increase Defendant's total settlement obligation or reduce the amounts payable to the LWDA or Aggrieved Employees beyond what the Court deems appropriate.

Because the requested costs are well documented, reasonably incurred, and modest in relation to the scope and complexity of the litigation, Plaintiffs respectfully request that the Court approve reimbursement of litigation costs in the amount of $30,256.91.

VII. SUBMISSION TO THE LWDA

As required by Labor Code section 2699, subdivision (l)(2), Plaintiffs have concurrently submitted the executed PAGA Settlement Agreement and this Motion for Approval to the California Labor and Workforce Development Agency ("LWDA"). (Bokhour Decl., ¶ 41.) Proof of electronic submission to the LWDA is attached as Exhibit C to the Bokhour Declaration.

VIII. THE SETTLEMENT ADMINISTRATOR

ILYM Group, Inc. ("ILYM") has been jointly selected by the Parties to serve as the Settlement Administrator. ILYM will be responsible for administering the Settlement, including receiving and safeguarding settlement funds, issuing Individual PAGA Payments, transmitting the LWDA PAGA Payment, performing address updates and re-mailings as necessary, handling tax reporting, and carrying out all other administrative duties required under the Settlement Agreement. (PAGA Settlement

Agreement §§ 1.2, 4.3 to 4.6.)

ILYM submitted a not-to-exceed bid of $5,000 to administer the Settlement. The Settlement provides that settlement administration expenses shall not exceed $5,000, subject to Court approval, and will be paid from the Gross Settlement Amount. (PAGA Settlement Agreement § 3.2.)

IX. <u>CONCLUSION</u>

For the foregoing reasons, Plaintiffs respectfully request, without opposition from Defendant, that the Court grant approval of the Parties' PAGA Settlement Agreement pursuant to Labor Code section 2699, subdivision (l)(2). The Settlement is fair, reasonable, and in the public interest, and it advances the enforcement objectives of PAGA by providing meaningful relief to the State of California and the Aggrieved Employees.

Dated: February 5, 2026

BOKHOUR LAW GROUP, P.C.
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By: ______________________

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