John G. Yslas (SBN 187324)
john.yslas@wilshirelawfirm.com
Diego Aviles (SBN 315533)
diego.aviles@wilshirelawfirm.com
Harry Erganyan (SBN 333091)
harry.erganyan@wilshirelawfirm.com
Mariam Nazaretyan (SBN 334154)
mariam.nazaretyan@wilshirelawfirm.com
Emily K. Borman (SBN 303180)
emily.borman@wilshirelawfirm.com
Courtney M. Miller (SBN 327850)
courtney.miller@wilshirelawfirm.com
WILSHIRE LAW FIRM, PLC
660 S. Figueroa Street, Sky Lobby
Los Angeles, California 90017
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

Attorneys for Plaintiff
ANGELICA PEPPER

[Additional Counsel Next Page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF KERN

ANGELICA PEPPER, JAVIER MARIN, MARIA ELENA PACE, MATTHEW SHACHNO, and IVAN MARTINEZ, individually, and on behalf of all others similarly situated, *Plaintiffs*, v. RIDGECREST SHS PAYROLL, LLC, a California limited liability company; DRIFTWOOD HOSPITALITY MANAGEMENT II, LLC, a Delaware limited liability company; 8757 MV PAYROLL, LLC, a California limited liability company; and DOES 1 through 10, inclusive, *Defendants*.	Case No.: BCV-23-103603 *[Assigned for All Purposes to the Hon. Bernard C. Barmann, Jr., Division H]* **PLAINTIFFS' NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES** Preliminary Approval Hearing: Date: June 23, 2026 Time: 8:30 a.m. Div.: H Action Filed: October 26, 2023

Larry W. Lee (SBN 228175)
lwlee@diversitylaw.com
Max A. Gavron (SBN 291697)
mgavron@diversitylaw.com
DIVERSITY LAW GROUP, P.C.
515 S. Figueroa St., Suite 1250
Los Angeles, CA 90071
Telephone: (213) 488-6555
Facsimile: (213) 488-6554

Edward W. Choi (SBN 211334)
edward.choi@choiandassociates.com
LAW OFFICES OF CHOI & ASSOCIATES
515 S. Figueroa St., Suite 1250
Los Angeles, CA 90071
Telephone: (213) 381-1515
Facsimile: (213) 465-4885

William L. Marder (SBN 170131)
bill@polarislawgroup.com
POLARIS LAW GROUP LLP
501 San Benito Street, Suite 200
Hollister, CA 95023
Tel: (831) 531-4214
Fax: (831) 634-0333

Attorneys for Plaintiffs
JAVIER MARIN and MARIA ELENA PACE

Jean-Claude Lapuyade (State Bar #248676)
jlapuyade@jcl-lawfirm.com
Monnett De La Torre (State Bar #272884)
mdelatorre@jcl-lawfirm.com
Andrea Amaya (State Bar #348080)
aamaya@jcl-lawfirm.com
JCL LAW FIRM, APC
5440 Morehouse Drive, Suite 3600
San Diego, CA 92121
Telephone: (619) 599-8292
Facsimile: (619) 599-8291

Shani O. Zakay (State Bar #277924)
shani@zakaylaw.com
ZAKAY LAW GROUP, APLC
5440 Morehouse Drive, Suite 3600
San Diego, CA 92121
Telephone: (619)255-9047
Facsimile: (858) 404-9203

Attorneys for Plaintiffs
MATTHEW SHACHNO and IVAN MARTINEZ

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on June 23, 2026, at 8:30 a.m., or as soon thereafter as the matter may be heard in Division H of the Superior Court of California, County of Kern, located at 1215 Truxtun Avenue, Bakersfield, California 93301, Plaintiffs Angelica Pepper, Javier Marin, Maria Elena Pace, Matthew Shachno, and Ivan Martinez (collectively "Plaintiffs") will and hereby do move this Court for an Order:

1. Granting preliminary approval of the proposed Class Action and PAGA Settlement Agreement ("Settlement");
2. Conditionally certifying the proposed Class for settlement purposes only;
3. Appointing Plaintiffs Angelica Pepper, Javier Marin, Maria Elena Pace, Matthew Shachno, and Ivan Martinez, as the Class Representatives;
4. Appointing John G. Yslas, Diego Aviles, Harry Erganyan, Mariam Nazaretyan, Emily K. Borman, and Courtney M. Miller of Wilshire Law Firm, PLC; Larry W. Lee and Max A. Gavron of Diversity Law Group, P.C.; Edward W. Choi of Law Offices Of Choi & Associates; William L. Marder of Polaris Law Group LLP; Jean-Claude Lapuyade, Monnett De La Torre, and Andrea Amaya of JCL Law Firm, APC; and Shani O. Zakay of Zakay Law Group, APLC as Class Counsel;
5. Appointing Apex Class Action as the Settlement Administrator; and
6. Setting a final approval hearing date.

Pursuant to California Rules of Court, rule 3.769(d) and (e), this Motion is made on the grounds that the proposed Settlement satisfies all criteria for preliminary approval and falls well within the range of reasonableness. The Settlement was reached through informed, arm's length bargaining between experienced attorneys with the assistance of an experienced neutral, and Plaintiffs and Plaintiffs' Counsel will fairly and adequately represent the Class.

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This Motion is based on this Notice of Motion, the accompanying Memorandum of Points and Authorities, the Declaration of John G. Yslas, the Declaration of Angelica Pepper, the Declaration of William L. Marder, the Declaration of Max W. Gavron, the Declaration of Larry W. Lee, the Declaration of Edward W. Choi, the Declaration of Shani O. Zakay, and on all records and documents on file, together with such oral and documentary evidence that may be presented at the hearing on this matter.

Respectfully submitted,

Dated: April 22, 2026

WILSHIRE LAW FIRM, PLC

By: /s/ Courtney M. Miller
Courtney M. Miller
Attorneys for Plaintiff
ANGELICA PEPPER

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I. INTRODUCTION

Pursuant to California Rules of Court, rule 3.769(d) and (e), Plaintiffs Angelica Pepper, Javier Marin, Maria Elena Pace, Matthew Shachno, and Ivan Martinez (collectively "Plaintiffs") seek preliminary approval of a class action settlement of wage and hour claims, including representative claims brought under the Labor Code Private Attorneys General Act of 2004 ("PAGA"), against Defendants Ridgecrest SHS Payroll, LLC; Driftwood Hospitality Management II, LLC; and 8757 MV Payroll, LLC (collectively "Defendants"). The proposed Class is defined as all current and former non-exempt employees who performed work for Defendants in California at any time during the Class Period and all employees who were paid wages for work performed for Defendant in California during the Class Period (collectively "Class Members"). The Class Period is defined as the period from October 26, 2019, to August 6, 2025. The main terms of the Settlement are as follows:

1. A Gross Settlement Amount of $1,149,000.00, which will be distributed to approximately 638 Class Members on a pro rata basis according to the total Workweeks worked by each Class Member during the Class Period;
2. Attorneys' fees of up to 35% of the Gross Settlement Amount (currently estimated to be $402,150.00) and up to $37,000.00 in reimbursement of litigation costs to Plaintiffs' Counsel;
3. A Class Representative Service Payment of up to $10,000.00 to each of the Plaintiffs ($50,000.00 total);
4. Costs of settlement administration of up to $8,550.00; and
5. Allocation of $100,000.00 to PAGA penalties, seventy-five percent (75%) of which ($75,000.00) will be paid to the Labor and Workforce Development Agency ("LWDA"), and twenty-five percent (25%) of which ($25,000.00) will be paid to all current or former exempt and non-exempt employees who performed work for Defendants in California ("PAGA Members") at any time from December 29, 2022 through August 6, 2025 ("PAGA Period").

The Settlement meets all criteria for preliminary approval and falls within the range of reasonableness given the risks and expenses of further litigation. The Settlement was reached through informed, arm's length bargaining between experienced attorneys with the assistance of an experienced neutral. As such, Plaintiffs request that the Court grant preliminary approval of the Settlement, conditionally certify the Class for settlement purposes only, appoint Plaintiffs as the Class Representatives, appoint Plaintiffs' Counsel as Class Counsel, appoint Apex Class Action as the Settlement Administrator, authorize the Settlement Administrator to administer notice of the Settlement to the Class, and set a final approval hearing date.

II. PROCEDURAL HISTORY

On October 26, 2023, Plaintiff Angelica Pepper filed this putative class action against Defendant Ridgecrest SHS Payroll, LLC alleging: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) failure to indemnify employees for expenditures; (8) failure to produce requested employment records; and (9) unfair business practices ("Instant Class Action"). Declaration of John G. Yslas in Support of Plaintiffs' Motion for Preliminary Approval of Class Action and PAGA Settlement ("MPA") ("Yslas Decl.") at ¶ 3.

On December 21, 2023, Plaintiff Javier Marin filed a putative class action against Defendant Driftwood Hospitality Management II, LLC alleging violations of the Labor Code and unfair business practices in the Superior Court of California, County of San Diego, Case No. 37-2023-00055366-CU-OE-CTL ("Marin Class Action"). Yslas Decl. at ¶ 4. On or about December 21, 2023, Plaintiff Javier Marin provided written notice to the LWDA and Defendants 8757 MV Payroll, LLC and Driftwood Hospitality Management II, LLC of the specific provisions the Labor Code alleged to have been violated. Yslas Decl. at ¶ 4, Exhibit 1. On or about January 10, 2024, Plaintiff Maria Elena Pace provided written notice to the LWDA and Defendants 8757 MV Payroll, LLC and Driftwood Hospitality Management II, LLC of the specific provisions the Labor Code alleged to have been violated. Yslas Decl. at ¶ 4, Exhibit 2. On March 4, 2024, Plaintiffs Javier Marin and Maria Elena Pace filed a representative action against Defendant Driftwood Hospitality

Management II, LLC for civil penalties under PAGA in the Superior Court of California, County of San Diego, Case No. 37-2024-00010262-CU-OE-CTL ("Marin and Pace PAGA Action"). Yslas Decl. at ¶ 4.

On April 12, 2024, Plaintiff Angelica Pepper filed a First Amended Complaint in the Instant Class Action adding Defendant Driftwood Hospitality Management II, LLC as a named defendant. Yslas Decl. at ¶ 5.

On May 10, 2024, Plaintiffs Matthew Shachno and Ivan Martinez provided written notice to the LWDA and Defendants 8757 MV Payroll, LLC and Driftwood Hospitality Management II, LLC of the specific provisions the Labor Code alleged to have been violated. Yslas Decl. at ¶ 5, Exhibit 3. On May 14, 2024, Plaintiffs Matthew Shachno and Ivan Martinez filed a putative class action against Defendants 8757 MV Payroll, LLC and Driftwood Hospitality Management II, LLC alleging violations of the Labor Code and unfair business practices in the Superior Court of California, County of San Diego, Case No. 37-2024-00022335-CU-OE-CTL ("Shachno and Martinez Class Action I"). Yslas Decl. at ¶ 5. On June 24, 2024, Plaintiffs Matthew Shachno and Ivan Martinez filed another putative class action against Defendants 8757 MV Payroll, LLC and Driftwood Hospitality Management II, LLC alleging violations of the Labor Code and unfair business practices in the Superior Court of California, County of San Diego, Case No. 37-2024-00029491-CU-OE-CTL ("Shachno and Martinez Class Action II"). *Id*. On August 15, 2024, Plaintiffs Matthew Shachno and Ivan Martinez filed a First Amended Complaint in the Shachno and Martinez Class Action I to add a cause of action for civil penalties under PAGA. *Id*.

On June 20, 2024, Plaintiff Angelica Pepper provided written notice to the LWDA and Defendant Ridgecrest SHS Payroll, LLC of the specific provisions the Labor Code alleged to have been violated, including the facts and theories in support. Yslas Decl. at ¶ 5, Exhibit 4. The LWDA did not notify Plaintiff Angelica Pepper that it intended to investigate within 65 days of her PAGA claim notice. Yslas Decl. at ¶ 5. Therefore, on August 26, 2024, Plaintiff Angelica Pepper filed a representative action against Defendants Ridgecrest SHS Payroll, LLC and Driftwood Hospitality Management II, LLC for civil penalties under PAGA in the Superior Court of California, County of Kern, Case No. BCV-24-102891 ("Pepper PAGA Action"). *Id*.

On May 8, 2025, the Parties participated in a private full-day mediation with mediator Michael Loeb. Yslas Decl. at ¶ 6. The negotiations were adversarial, conducted at arm's length, and tempered by the efforts of both sides to serve the interests of their clients. *Id*. The Parties accepted a mediator's proposal and agreed upon general settlement terms. *Id*. After further negotiations, the Parties memorialized their agreement in a Memorandum of Understanding in October 2025. *Id*.

On December 5, 2025, Plaintiffs filed a Second Amended Complaint in the Instant Class Action adding Plaintiffs Javier Marin, Maria Elena Pace, Matthew Shachno, and Ivan Martinez as named plaintiffs and adding a cause of action for civil penalties, effectively consolidating all the pending actions. Yslas Decl. at ¶ 7.

The Parties finalized and fully executed the Class Action and PAGA Settlement Agreement in April 2026. Yslas Decl. at ¶ 8, Exhibit 5 ("Settlement Agreement"). On April 22, 2026, Plaintiffs submitted a copy of the Settlement Agreement to the LWDA. Yslas Decl. at ¶ 8, Exhibit 6.

III. SUMMARY OF THE SETTLEMENT TERMS

A. Terms of the Proposed Settlement

The Parties have agreed to settle the claims alleged in this Class Action and PAGA Action for a Gross Settlement Amount of $1,149,000.00. Settlement Agreement at § 1.21. Subject to Court approval, the following payments will be deducted from the Gross Settlement Amount: (1) a Class Representative Service Payment of up to $10,000.00 to each of the Plaintiffs ($50,000.00 total); (2) attorneys' fees of up to 35% of the Gross Settlement Amount (currently estimated to be $402,150.00) and reimbursement of litigation costs of up to $37,000.00 to Plaintiffs' Counsel; (3) costs of settlement administration of up to $8,550.00 to Apex Class Action; (4) individual class payments to Class Members; and (5) PAGA penalties in the amount of $100,000.00, which will be allocated 75% to the LWDA ($75,000.00) and 25% to PAGA Members ($25,000.00). *Id.* at §§ 1.45, 2.2.2, 1.26, 1.4, 1.37. After all requested deductions are made, the remaining Net Settlement Amount is currently estimated to be $551,300.00. Yslas Decl. at ¶ 21.

Individual class payments will be calculated based on the number of workweeks worked by each Class Member during the Class Period. Settlement Agreement at § 2.2.5. For tax purposes, the individual class payments will be allocated 10% to wages and 90% to interest and penalties. *Id*. The Gross Settlement Amount is to cover Defendants' share of payroll taxes, unless otherwise ordered by the Court. *Id*. at § 1.30.

Individual PAGA Payments to PAGA Members will be calculated based on the number of PAGA Pay Periods worked by each PAGA Members during the PAGA Period. *Id*. at § 2.2.6. For tax purposes, the Individual PAGA Payments will be allocated 100% to penalties. *Id*.

Any deductions not approved by the Court will be retained by the Settlement Administrator in the Net Settlement Amount. *Id.* at §§ 2.2.1, 2.2.2, 2.2.3, 2.2.4. Funds from any uncashed checks will be transmitted by the Settlement Administrator to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue." *Id.* at § 3.3.3. None of the Gross Settlement Amount will revert to Defendants. *Id*. at § 2.1.

B. Proposed Settlement Administration

The Parties' proposed Class Notice complies with the requirements of California Rules of Court, rule 3.766(d). *See* Exhibit A to Settlement Agreement. It provides information regarding the nature of this lawsuit, a summary of the settlement terms, the formula used for calculating individual class and PAGA payments and instructions to dispute the calculations, instructions on how to opt-out of or object to the Settlement, the date, time, and location of the final approval hearing, and the amounts sought for the class representative service payments, attorneys' fees and litigation costs, and settlement administration costs. *See generally, id*. The Class Notice also notifies Class Members that they do not need to submit a claim in order to participate in the Settlement and receive a payment. *See id*. The Settlement Administrator will mail Class Members the Class Notice by first-class mail. Settlement Agreement at § 7.4.2.

If a Class Notice is returned as undeliverable, the Settlement Administrator will re-mail the Class Notice within three (3) business days to the forwarding address provided by the U.S. Postal Service. *Id*. at § 7.4.3. If no forwarding address is provided, the Settlement Administrator will conduct a Class Member Address Search and re-mail the Class Notice to the most current address obtained. *Id.* The deadline to opt-out of the Settlement or to submit an objection or dispute will be extended by 14 days for all Class Members whose Class Notice was remailed. *Id*. at § 7.4.4.

C. Proposed Releases

Effective on the date when Defendants fully fund the entire Gross Settlement Amount, the following releases will take effect:

Release by Participating Class Members:

> All Participating Class Members will release all claims, rights, demands, liabilities, and causes of action, in law or in equity, arising at any time during the Class Period for the class claims brought by Plaintiffs in the Operative Complaint, or that could have been brought by Plaintiffs against Defendants in the Operative Complaint and/or Action, during the Class Period. Participating Class Members **do not** release any other claims, including claims for vested benefits, wrongful termination, violation of the California Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts outside of the Operative Complaint and/or the Action or outside the Class Period.

Settlement Agreement at § 4.2.

Release by PAGA Members:

> All PAGA Members will release Released Parties from all claims for PAGA penalties that were alleged, reasonably could have been alleged, based on the facts and allegations in the Operative Complaint or Action, during the PAGA Period.

Settlement Agreement at § 4.3.

"Released Parties" means Defendants and all of their present and former parent companies, subsidiaries, divisions, concepts, related or affiliated companies, shareholders, officers, directors, members, employees, agents, insurers, reinsurers, professional employment organizations, successors and assigns, and any individual or entity which could be liable for any of the Released Claims and Defendants' counsel of record in the Action. Settlement Agreement at § 1.43.

Only Plaintiffs will agree to a general release and a waiver of Civil Code § 1542. *Id*. at §§ 4.1, 4.1.1.

IV. THE PROPOSED SETTLEMENT AGREEMENT MEETS ALL CRITERIA FOR PRELIMINARY APPROVAL

A. Provisional Certification of the Class is Appropriate

Class certification is appropriate when there is: (1) an ascertainable and sufficiently numerous class; (2) a well-defined community of interest among class members; and (3) substantial benefits from certification that render proceeding as a class superior to the alternatives. *Brinker Restaurant Corp. v. Superior Court*, 53 Cal.4th 1004, 1021 (2012). Although courts still need to review and consider each element for certification, a lesser standard can be used to provisionally certify a settlement class. *Global Minerals & Metals Corp. v. Superior Court*, 113 Cal.App.4th 836, 859 (2003).

1. The Proposed Class is Numerous and Ascertainable

"Ascertainability" is determined by examining the class definition and the size of the class, and may also involve examining the means available to identify class members. *Noel v. Thrifty Payless, Inc.*, 7 Cal.5th 955, 980-981, 985-986 (2019). As the settlement eliminates the need for trial, "the case management issues inherent in the ascertainable class determination need not be confronted." *Global Minerals*, 113 Cal.App.4th at 859. Further, under California law, there is no minimum number of class members for maintenance of a class action. *Hendershot v. Ready to Roll Transp., Inc.*, 228 Cal.App.4th 1213, 1222 (2014). Class sizes as small as 10 have been permitted. *Rose v. City of Hayward*, 126 Cal.App.3d 926, 934 (1981), disapproved on other grounds by *Noel*, 7 Cal.5th at 986.

The Class here consists of all current and former non-exempt employees who performed work for Defendants in California at any time during the Class Period and all employees who were paid wages for work performed for Defendant in California during the Class Period. *See* Settlement Agreement at §§ 1.6, 1.29, 1.47. The Class is also readily ascertainable from Defendants' business records, because all Class Members are or were employees of Defendants. *Id*. Defendants' records show there are approximately 638 Class Members, making joinder of all Class Members impracticable. Yslas Decl. at ¶ 10.

2. A Well-Defined Community of Interest Exists

The community of interest requirement embodies three factors: (1) predominant common questions of law or fact; (2) class representatives with claims or defenses typical of the class; and (3) class representatives who can adequately represent the class. *Brinker*, 53 Cal.4th at 1021.

a. Common Questions Predominate

In determining whether common issues "predominate," courts consider both plaintiff's legal theories and defendant's affirmative defenses. *Duran v. U.S. Bank Nat'l Ass'n*, 59 Cal.4th 1, 28-29 (2014). The "predominate common questions" factor does not require that all class members have identical claims. *Ayala v. Antelope Valley Newspapers, Inc.*, 59 Cal.4th 522, 530 (2014). Rather, the focus is on whether issues shared by the class members are sufficiently uniform to permit class-wide assessment, and whether individual variations in proof on those issues are manageable. *Id*.

Plaintiffs have alleged that Defendants maintained common employment policies and/or practices that unlawfully deprived Class Members of wages, meal periods, rest periods, reimbursements for business expenses, accurate wage statements, timely payment of wages upon separation of employment, and timely production of employment records. Yslas Decl. at ¶ 11. These allegations present common factual and legal questions of, *inter alia*, whether Defendants applied the same scheduling, timekeeping, pay, meal period, rest period, reimbursement, and employment record production policies to all Class Members, whether these policies and practices resulted in Labor Code violations, whether Defendants' conduct was intentional, and whether Class Members are entitled to damages and/or penalties. *Id*. These common questions could be resolved using Class Members' time records, payroll records, testimony from Defendants' designated representative(s), and Class Members' testimony. *Id*. Therefore, the Court can and should exercise its discretion to grant conditional class certification for settlement purposes.

b. Plaintiffs Are Typical of the Class

Typicality does not require that the representative plaintiff's claims and those of the class members be identical or perfectly aligned. *Wershba v. Apple Computer, Inc.*, 91 Cal.App.4th 224, 228 (2001), disapproved on other grounds by *Hernandez v. Restoration Hardware, Inc.*, 4 Cal.5th 260, 269-280 (2018). Typicality does not require that a plaintiff's claims be identical to those of other class members, only that their claims and the defenses applicable to them are sufficiently similar to those of other class members that a named plaintiff is able to adequately represent the class and focus on common issues. *Medrazo v. Honda of North Hollywood*, 166 Cal.App.4th 89, 99 (2008).

Plaintiffs have alleged that they and other Class Members were employed by the same Defendants and injured by Defendants' common wage and hour policies and practices, including Defendants' scheduling, timekeeping, pay, meal period, rest period, reimbursement, and employment record production policies. *See* Yslas Decl. at ¶ 11. Through informal discovery, Plaintiffs confirmed that these challenged policies and practices applied to Plaintiffs and other Class Members alike. *See id.* at ¶ 9. Therefore, Plaintiffs' claims and Class Members' claims arise from the same challenged employment policies and practices and are based on the same legal theories.

c. Plaintiffs and Plaintiffs' Counsel Will Adequately Represent the Class

Certification requires adequacy of both the proposed class representative and of the proposed class counsel. Cal. Code Civ. Proc. § 382. "Only a conflict that goes to the very subject matter of the litigation will defeat a party's claim of representative status." *Richmond v. Dart Industries*, 29 Cal.3d 462, 470 (1981). Only conflicts that are "irreconcilable" can defeat adequacy. *Nat'l Solar Equip. Owners' Ass'n v. Grumman Corp.*, 235 Cal.App.3d 1273, 1286 (1991). The proposed representative Plaintiffs and proposed Class Counsel present no such conflict.

Plaintiffs' interests are coextensive with Class Members' interests. Declaration of Angelica Pepper in Support of Plaintiffs' MPA ("Pepper Decl.") at ¶ 6. Plaintiffs have demonstrated an ability to advocate for the interests of Class Members by initiating this lawsuit, providing information and documents to their attorneys, meeting with their attorneys regarding the claims, making themselves available the day of mediation to answer questions, and reviewing the proposed Settlement. Pepper Decl. at ¶ 7.

Likewise, Wilshire Law Firm, PLC; Wilshire Law Firm, PLC; Diversity Law Group, P.C.; Law Offices of Choi & Associates; Polaris Law Group LLP; JCL Law Firm, APC; and Zakay Law Group, APLC have expended considerable time and effort on this case and will continue to do so through final approval. *See generally*, Yslas Decl.; Declaration of Max W. Gavron in Support of Plaintiffs' MPA ("Gavron Decl.") at ¶ 11; Declaration of Larry W. Lee in Support of Plaintiffs' MPA ("Lee Decl.") at ¶ 5; Declaration of Shani O. Zakay in Support of Plaintiffs' MPA ("Zakay Decl.") at ¶ 3. Therefore, Plaintiffs should be appointed Class Representatives, and their counsel should be appointed Class Counsel.

3. A Class Action is Superior to a Multitude of Individual Lawsuits

Courts have held that class treatment of wage and hour claims is clearly "superior to the other available methods for the fair and efficient adjudication of the controversy." *Dean Witter Reynolds, Inc. v. Superior Court*, 211 Cal.App.3d 758, 772-773 (1989). This is so because "[p]ublic policy has long favored the 'full and prompt payment of wages due an employee.'" *Sav-On Drug Stores, Inc. v. Superior Court*, 34 Cal.4th 319, 340 (2004). Here, a class action is superior to a multitude of individual lawsuits. Given the size and amount of each Class Members' claim, Class Members have little incentive to litigate their claims on an individual basis because the out-of-pocket expenses and personal commitment necessary to litigate each claim likely outweigh any potential recovery. Yslas Decl. at ¶ 10. Therefore, a class action is the superior method for seeking relief.

B. The Settlement Meets the Standards for Preliminary Approval

The moving party must demonstrate that "the settlement is fair, adequate and reasonable." *Kullar v. Foot Locker Retail, Inc.*, 168 Cal.App.4th 116, 126 (2008). "In determining whether a class settlement is fair, adequate, and reasonable, the trial court should consider relevant factors, such as the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement." *Wershba*, 91 Cal.App.4th at 244-245 (internal quotations and citations omitted).

1. The Settlement is Entitled to a Presumption of Fairness

A settlement is entitled to "a presumption of fairness . . . where: (1) the settlement is reached through arm's length bargaining; (2) investigation and discovery are sufficient to allow counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is small." *Dunk v. Ford Motor Co.*, 48 Cal.App.4th 1794, 1801 (1996). The Settlement here satisfies the first three factors. Plaintiffs will analyze the fourth factor at final approval after Class Members have been notified of the Settlement and provided with an opportunity to object.

a. The Settlement is the Result of Arm's Length Negotiation

Courts have recognized that the involvement of a respected mediator provides a high degree of assurance that the settlement is the result of arm's length bargaining. *See Chavez v. Netflix, Inc.*, 162 Cal.App.4th 43, 52-53 (2008). The Settlement in this matter was the product of a full-day mediation session with a respected mediator. Yslas Decl. at ¶ 6. The negotiations were adversarial, conducted at arm's length, and tempered by the efforts of both sides to serve the interests of their clients. *Id.*

b. Sufficient Investigation and Discovery Have Been Conducted

Prior to attending mediation, Plaintiffs' Counsel thoroughly investigated the claims, applicable law, and potential defenses. Yslas Decl. at ¶ 9. Plaintiffs' Counsel assessed the value to the class claims using the data and documents Defendants produced in informal discovery. *Id*. The data and documents produced by Defendants included the number of Class Members and PAGA Members, the number of workweeks in the Class Period, and the number of pay periods in the PAGA Period, the average rate of pay, Plaintiffs' personnel files, Defendants' wage-and-hour policy documents, Defendants' handbook, and a sampling of Class Members' time and payroll records over the span of approximately five (5) years. *Id*. Plaintiffs' Counsel engaged an expert consultant to quantify the potential exposure using the time and payroll records, and then assessed the risks associated with each claim meriting reductions in the likely success at class certification and likely recovery at trial. *Id.*

c. Plaintiffs' Counsel is Experienced in Similar Litigation

Plaintiffs are represented by Wilshire Law Firm, PLC; Wilshire Law Firm, PLC; Diversity Law Group, P.C.; Law Offices of Choi & Associates; Polaris Law Group LLP; JCL Law Firm, APC; and Zakay Law Group, APLC. Yslas Decl. at ¶ 1. Plaintiffs' Counsel has extensive experience litigating wage-and-hour class actions on behalf of employees. *See id.* at ¶¶ 22-35; Declaration of William L. Marder in Support of Plaintiffs' MPA ("Marder Decl.") at ¶¶ 3-8; Gavron Decl. at ¶¶ 3-11; Lee Decl. at ¶¶ 6-8; Declaration of Edward W. Choi in Support of Plaintiffs' MPA ("Choi Decl.") at ¶¶ 3-4; Zakay Decl. at ¶ 3, Exhibit A. Plaintiffs' Counsel has been involved as counsel in numerous class actions that have resulted in millions of dollars in recovery. *See id.*

2. The Settlement is Reasonable Given the Strengths of Plaintiffs' Claims and the Risks and Expense of Further Litigation

A settlement does not have to provide 100% of the damages sought to be considered fair and reasonable. *See Rebney v. Wells Fargo Bank*, 220 Cal.App.3d 1117, 1139 (1991). Although the exposure Plaintiffs' Counsel calculated is substantial, the various risks at succeeding at class certification and through trial affected the valuation of the claims for settlement purposes. Yslas Decl. at ¶ 12. Based on an analysis of the facts and legal contentions in this case, documents and information from Defendants, Plaintiffs' Counsel evaluated Defendants' maximum exposure. *Id*. Plaintiffs' Counsel took into account the risk of not having the claims certified and the risk of not having prevailed at trial, even if the claims are certified. *Id*. After using the data Defendants provided, including class member timekeeping and payroll records, as well as class member demographics, with the assistance of a statistics expert, Plaintiffs' Counsel created a damages model to evaluate the realistic range of potential recovery for the class. *Id*.

<u>Minimum and Overtime Wages</u>: Plaintiffs' unpaid minimum and overtime wage claims were based on the allegation that Defendants required Class Members to perform work duties while off the clock, without compensation. Yslas Decl. at ¶ 13. Based on these allegations, Plaintiffs' Counsel conservatively estimated that Class Members worked one (1) hour off the clock per week in calculating potential exposure for these claims to be approximately $921,886.80 (34,220 workweeks x $17.96 average hourly rate of pay x 1.00 hour/workweek x 1.5 overtime rate of pay). *Id*. Because this claim would have relied heavily on Class Member testimony and would not be evidenced in Defendants' time and payroll records, the risk of succeeding at class certification was substantial. *Id*. Accordingly, Plaintiffs' Counsel applied a risk discount based on a 40% chance of succeeding at class certification and a 40% chance of succeeding at trial on the merits, yielding a realistic damage estimate of approximately $147,501.89 ($921,886.80 x 40% x 40%). *Id.*

<u>Meal Periods</u>: Plaintiffs' meal period claim was based on the allegation that Defendants failed to provide Class Members with legally compliant meal periods or pay meal period premiums in lieu thereof. Yslas Decl. at ¶ 14. Plaintiffs' Counsel's expert found a facial violation rate of

approximately 32.2% in Defendants' time and payroll records for shifts greater than five (5) hours. *Id*. Therefore, potential liability for the meal period claims is approximately $753,384.39 (130,273 shifts greater than 5 hours x $17.96 hourly rate x 32.2% violation rate). *Id*. However, Defendants argued that Class Members were covered by meal period waivers. *Id*. Accordingly, Plaintiffs' Counsel applied a risk discount based on a 50% chance of succeeding at class certification and a 40% chance of succeeding at trial on the merits, yielding a realistic damage estimate of approximately $150,676.88 ($753,384.39 x 50% x 40%). *Id.*

Rest Periods: Plaintiffs' rest period claim was based on the allegation that Defendants failed to provide Class Members with legally compliant rest periods or pay rest period premiums in lieu thereof. Yslas Decl. at ¶ 15. Based on these allegations, Plaintiffs' Counsel applied a 100% violation rate to all shifts of 3.5 hours or longer. *Id*. Therefore, potential liability for the rest period claims is approximately $2,467,075.40 (137,365 shifts of 3.5 hours or longer x $17.96 hourly rate x 100% violation rate). *Id*. However, Plaintiffs' Counsel discounted this figure to account for the difficulty of certifying and proving rest period claims, particularly because rest periods do not have to be recorded, and to account for the possibility of Class Members voluntarily choosing to forego a rest period. *Id*. Because this claim would have relied exclusively on Class Member testimony, Plaintiffs' Counsel discounted this claim based on a 30% chance of succeeding at class certification and a 20% chance of succeeding at trial, yielding a realistic damage estimate of approximately $148,024.52 ($2,467,075.40 x 30% x 20%). *Id.*

Reimbursements: Plaintiffs' reimbursement claim was based on the allegation that Defendants failed to indemnify Class Members for expenses incurred as a direct result of performing their job duties for Defendants. Yslas Decl. at ¶ 16. For purposes of calculating Defendants' liability based on a best-case scenario for Plaintiffs and the Class, Plaintiffs' Counsel estimated that Defendants were liable to each class member for $30 per month, or $7.50 per workweek, in unreimbursed expenses, for a total amount of approximately $256,650.00 ($7.50 x 34,220 workweeks). *Id*. Plaintiffs' Counsel discounted this figure based on an evaluation of a 30% chance of succeeding at class certification and a 30% chance of succeeding at trial to account for the difficulty of certifying and proving expense reimbursement claims, yielding a realistic damage estimate of approximately $23,098.50 ($256,650.00 x 30% x 30%). *Id.*

In sum, Plaintiffs' Counsel estimated that Plaintiffs' maximum recovery for the off-the-clock claim, meal period violations, and rest period violations (i.e., the wage claims) is approximately $4.1 million, but after factoring in the risk and uncertainty of certification and prevailing at trial, Plaintiffs' Counsel estimates that Plaintiffs' realistic estimated recovery for these non-penalty wage claims is approximately $446,203.29. Yslas Decl. at ¶ 17.

<u>Derivative Penalties</u>: Plaintiffs alleged that as a result of Defendants' failure to pay all wages owed, Defendants owed waiting time penalties and wage statement penalties. Yslas Decl. at ¶ 18. With respect to Plaintiffs' derivative claims for statutory penalties, Plaintiffs' Counsel estimated that Defendants' realistic potential liability is approximately $154,549.92. *Id*. Defendants' maximum potential liability for waiting time penalties is approximately $1,459,232.04 (371 employees x $17.96 hourly rate x 7.30 hours/day x 30 days) based on approximately 371 formerly employed class members during the 3-year statute of limitations period and an average shift length of 7.30 hours. *Id*. Defendants' maximum potential liability for inaccurate wage statements is approximately $1,116,600.00 ([390 employees x 1 initial violation/employee x $50 for an initial violation] + [(11,361 pay periods - 390 initial violations) x $100 for each subsequent violation]) based on approximately 390 class members who worked during the 1-year statute of limitations period and approximately 11,361 pay periods in that statutory timeframe. *Id*. In light of the foregoing, Plaintiffs' Counsel believes that it would be unrealistic to expect the Court to award the full $2,575,832.04 in statutory penalties given Defendants' defenses, the contested nature of Plaintiffs' claims, the challenges of establishing willfulness as applicable, and the discretionary nature of penalties. *Id*. Considering that the underlying wage claims are realistically estimated to be approximately $446,203.29, such a disproportionate award would also raise due process concerns. *Id*. As such, Plaintiffs' counsel discounted these figures to account for the risk and uncertainty of obtaining class certification and prevailing at trial, resulting in a realistic evaluation of approximately $87,553.92 for waiting time penalty claims ($1,459,232.04 x 30% x 20%), and approximately $66,996.00 for wage statement penalty claims ($1,116,600.00 x 30% x 20%), or approximately $154,549.92 total for statutory

penalties. *Id.*

<u>PAGA</u>: For the PAGA claim, Plaintiffs' Counsel determined that Defendants' potential exposure could potentially reach $1,057,500.00, assuming the initial $100 penalty would apply for each of the 67,099 pay periods in the PAGA Period. Yslas Decl. at ¶ 19. However, even assuming success on the merits of each claim, PAGA gives the Court discretion to reduce penalties for a variety of reasons, including where to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory. *Id*. As such, Plaintiffs' counsel discounted this figure to account for the risk and uncertainty of prevailing at trial, resulting in a realistic evaluation of approximately $105,750.00 for PAGA penalties ($1,057,500.00 x 10%). *Id*. The settlement allocates $100,000.00 of the Gross Settlement Amount to PAGA, therefore the PAGA allocation amounts to 8.7% of the Gross Settlement Amount and approximately 95% of the realistic maximum damages for PAGA penalties ($100,000.00 / $105,750.00). *Id.*

Using these estimated figures, Plaintiffs' Counsel predicted that the realistic maximum recovery for all claims, including penalties, would be approximately $729,601.71. Yslas Decl. at ¶ 20. This means that the gross settlement figure represents approximately 157% of the realistic maximum recovery ($1,149,000.00 / $729,601.71). *Id*. Considering the risk and uncertainty of prevailing at class certification and at trial, this is an excellent result for the Class. *Id*. Indeed, because of the proposed Settlement, Class Members will receive timely, guaranteed relief and will avoid the risk of an unfavorable judgment. *Id*.

Based on the figures in the Settlement Agreement, the Net Settlement Amount available for class settlement payments is currently estimated to be $551,300.00 for approximately 638 Class Members. Yslas Decl. at ¶ 21. As a result, each Settlement Class Member would be eligible to receive an average net benefit of approximately $864.11. *Id*.

C. The Requested Service Payments Are Reasonable

Plaintiffs each seek a class representative service payment of up to $10,000.00 ($50,000.00 total) for accepting the responsibilities of representing the interests of the Class and potential costs that were not borne by any other Class Members. Settlement Agreement at § 1.45. A named plaintiff is eligible for payment that reasonably compensates him or her for undertaking and fulfilling a fiduciary duty to represent absent class members. *See Cellphone Termination Fee Cases*, 186 Cal.App.4th 1380, 1393 (2010); *Bell v. Farmers Ins. Exch.*, 115 Cal.App.4th 715, 726 (2004).

Throughout this case, Plaintiffs assisted counsel in providing information necessary to prosecute the claims, meeting with counsel regarding the claims, maintaining regular contact with counsel, making themselves available the day of mediation to answer questions, and reviewing the Settlement to ensure it was fair to the Class. Pepper Decl. at ¶ 7. No action would likely have been taken by Class Members individually and no compensation would have been recovered for them, but for Plaintiffs' services on behalf of the Class. By actively pursuing this action, Plaintiffs furthered the California public policy goal of enforcing the State's wage and hour laws. *See Sav-On*, 34 Cal.4th at 340. The requested class representative service payments are reasonable and should be preliminarily approved. Plaintiffs have provided declarations regarding their work performed to date and will provide additional information as requested or required by the Court at final approval.

D. The Requested Attorneys' Fees and Costs Are Reasonable

The purpose of an attorneys' fee award in class action litigation is to reward counsel who invested in a case despite the risk of non-payment and achieved a substantial positive result for the class. California courts routinely award attorneys' fees equaling one third or more of the potential value of the common fund. *See Chavez*, 162 Cal.App.4th at 66, fn. 11 ("Empirical studies show that, regardless of whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery.").

Additionally, courts utilize "multipliers" to account for the risk of taking on cases where there is no guarantee of recovery, uncertainties as the amount that will be recovered, uncertainty as to the cost of litigating the case (both in effort and expenses), and uncertainty about how much time will pass before the recovery is obtained. *Ketchum v. Moses*, 24 Cal.4th 1122, 1132-33 (2001); *see also Serrano v. Priest*, 20 Cal.3d 25, 48-49 (1977) (approving the adjustment of the lodestar figure based on factors specific to the case to ensure fair market value for legal services provided on a contingency basis). Application of that rule is particularly appropriate where the case is brought to redress important rights of vulnerable persons. *Ketchum*, 24 Cal.4th at 1133.

Generally, "[m]ultipliers can range from 2 to 4 or even higher." *Wershba v. Apple Computers, Inc.*, 91 Cal.App.4th at p. 255 (2001); *see also Sutter Health Uninsured Pricing Cases*, 171 Cal.App.4th 495, 512 (2009) (applying a 2.52 multiplier on a cross-check in an antitrust class action); *Chavez v. Netflix, Inc.*, 162 Cal.App.4th 43, 60 (2008) (applying a 2.5 multiplier on a lodestar cross-check); *Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1051 n.6 (9th Cir. 2002) ("most" common fund cases apply a multiplier of 1.0-4.0); *Laffitte v. Robert Half Int'l*, 231 Cal.App.4th 860, 881-82 (2004) (affirming a 2.13 multiplier after finding that "2 to 4" is a reasonable range for multipliers on a cross-check). *See also Bronshteyn v. State of California – Department of Consumer Affairs*, 114 Cal.App.5th 537 (2025) (court did not abuse its discretion by awarding 1.75 multiplier for fees incurred up to and including the jury verdict and a 1.25 enhancement for hours worked after the verdict where hourly rates for plaintiff's five senior attorneys were $1,100.00 and $1,000.00); *Tran v. Golden State FC LLC, et al*. (LASC Case No. BC699931), Fee Order filed April 8, 2022 (approving hourly rate of $1,300.00 for plaintiff's 32-year attorney).

Plaintiffs seek appointment of Wilshire Law Firm, PLC; Wilshire Law Firm, PLC; Diversity Law Group, P.C.; Law Offices of Choi & Associates; Polaris Law Group LLP; JCL Law Firm, APC; and Zakay Law Group, APLC as Class Counsel. The attorneys performed significant work and expended litigation costs in prosecuting this matter with no guarantee of payment. Yslas Decl. at ¶ 22. Plaintiffs' Counsel seeks preliminary approval of up to 35% of the Gross Settlement Amount, currently estimated to be $402,150.00, and up to $37,000.00 in reimbursement of litigation costs. Given the work performed in this matter, the extensive information exchange, and the substantial recovery obtained on behalf of the Class, Plaintiffs' Counsel achieved a settlement through efficient and diligent work. *See generally*, Yslas Decl. At final approval, Plaintiffs' Counsel will fully brief the merits of its request for the award of attorneys' fees and litigation costs.

E. The Administration Costs are Reasonable

The Parties have agreed upon using Apex Class Action to administer this Settlement. Settlement Agreement at § 1.2. Plaintiffs seek preliminary approval of $8,550.00 for Apex Class

Action to administer this Settlement pursuant to Apex Class Action's bid. *See* Yslas Decl. at ¶ 37, Exhibit 7.

V. CONCLUSION

The Parties have negotiated a fair and reasonable settlement of the class claims in light of the risks presented in this case. Plaintiffs have presented the materials and information necessary to demonstrate that the requirements for preliminary approval have been met, and therefore respectfully request that the Court preliminarily approve the Settlement and schedule a date for the final approval hearing.

Respectfully submitted,

Dated: April 22, 2026

WILSHIRE LAW FIRM, PLC

By: /s/ Courtney M. Miller
Courtney M. Miller
Attorneys for Plaintiff
ANGELICA PEPPER