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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CLARA

LUIS MADRIZ-RIVAS, individually, and on behalf of all others similarly situated, *Plaintiff*, v. GRACE HOLMES, INC., a Delaware corporation; and DOES 1 through 10, inclusive, *Defendants*.	Case No. 24CV446239 *[Assigned for All Purposes to the Hon. Beth McGowen, Dept. 22]* **PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT; MEMORANDUM OF POINTS AND AUTHORITIES** PAGA Approval Hearing: Date: December 10, 2026 Time: 1:30 p.m. Dept.: 22 Action Filed: August 30, 2024

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on December 10, 2026, at 1:30 p.m., or as soon thereafter as the matter may be heard in Department 22 of the Superior Court of California, County of Santa Clara, Old Courthouse, located 191 North First Street, San Jose, California 95113, Plaintiff Luis Madriz-Rivas ("Plaintiff") will and hereby does move for an order approving the settlement of the PAGA claim alleged against Defendant Grace Holmes, Inc. ("Defendant") in accordance with Labor Code §2699(l). The proposed settlement is set forth in the accompanying PAGA Settlement Agreement ("Settlement Agreement").

This Motion will be based on this notice, the accompanying points and authorities, the accompanying declarations, and the complete files and records in this action. The Labor Workforce Development Agency has been served with this motion and the Settlement Agreement as set forth in the accompanying proof of service.

Respectfully submitted,

Dated: July 29, 2026

WILSHIRE LAW FIRM, PLC

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

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I. INTRODUCTION

In order to avoid protracted litigation over the disputed legal and factual issues in this case, Plaintiff Luis Madriz-Rivas ("Plaintiff") and Defendant Grace Holmes, Inc. ("Defendant") (Plaintiff and Defendant collectively, the "Parties") reached a settlement of the California Private Attorneys General Act, Cal. Labor Code § 2699, et seq. ("PAGA") claims asserted in this action. In accordance with Labor Code §2699(l), Plaintiff now asks this Court to review and approve the settlement of Plaintiff's PAGA claims. This is PAGA Settlement for civil penalties and is not a class settlement and does not release the individual wage claims, if any, of the affected employees other than those of Plaintiff. Cal. Labor Code § 2699(g)(1); *Iskanian v. CLS Transportation*, 59 Cal. 4th 348, 381 (2014); *ZB, N.A. v. Superior Court*, 8 Cal. 5th 175, 182 (2019) (unpaid wages are not recoverable under PAGA).

Defendant does not admit any of Plaintiff's claims and has denied the claims and assert that Plaintiff and other employees have suffered no Labor Code violations. Defendant maintains that it has instituted legally complaint wage and hour policies and practices. However, Defendant has agreed to the PAGA settlement to avoid the expense and uncertainty of continued litigation, and therefore will not oppose Plaintiff's instant motion for approval.

The PAGA Settlement is set forth in the accompanying PAGA Settlement Agreement ("Settlement Agreement"). A true and correct copy of the Settlement Agreement which sets forth the terms for the settlement of the PAGA claims is attached as **Exhibit 2** to the Declaration of John G. Yslas in Support of Plaintiff's Motion for Approval of PAGA Settlement ("Yslas Decl."), filed concurrently herewith. Capitalized terms shall have the same meaning as defined in the Settlement Agreement. The LWDA received notice of this Settlement on June 11, 2026. Yslas Decl. ¶ 35.

II. RELEVANT FACTS AND PROCEDURAL HISTORY

On August 30, 2024, Plaintiff filed a putative wage and hour class action against Defendant in the Santa Clara County Superior Court (Case No. 24CV446239). Yslas Decl. at ¶ 3. On July 18, 2025, Plaintiff filed a First Amended Complaint adding a cause of action for civil penalties pursuant to California Private Attorneys General Act, Cal. Labor Code § 2699, et seq. ("PAGA").

Yslas Decl. at ¶ 3.

Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice on June 20, 2024, to the Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the Labor Code alleged to have been violated, including the facts and theories in support (LWDA-CM-1035380-24). Yslas Decl. at ¶ 3.

On or about May 16, 2025, the Court granted the Parties stipulation and order to allow Plaintiff to amend his complaint, dismiss Plaintiff's class claims, and submit Plaintiff's individual claims to arbitration. Yslas Decl. at ¶ 4. Thereafter, the Parties met and conferred and agreed to attend a global mediation in an attempt to resolve the pending claims. *Id*. In advance of mediation, PAGA Counsel conducted a thorough investigation into the facts of, and applicable law to, the PAGA Action. *Id*. Prior to mediation, Plaintiff obtained through informal discovery a representative sampling of time and payroll data for Aggrieved Employees and the necessary policy documents to properly evaluate the strengths and weaknesses of the claims and engage in meaningful settlement discussions. *Id*.

On November 17, 2025, the Parties engaged in an all-day mediation session before Nikki Tolt. Yslas Decl. at ¶ 5. With the help of Ms. Tolt, the Parties were able to reach an agreement on general settlement terms. *Id*. The settlement was negotiated in light of all known facts and circumstances and the uncertainty associated with litigation – including the risk of Plaintiff not being able to prevail on his claims in binding arbitration, to maintain representative claims, the difficulty of proving Plaintiff's claims in a manageable trial, the merits of Defendant's potential defenses, and the significant delay and potential appellate issues inherent to litigation – and was reached after extensive arm's length negotiations, with the assistance of Ms. Tolt. *Id*.

III. TERMS OF THE PAGA SETTLEMENT

A. Aggrieved Employees

"Aggrieved Employee" means all individuals who worked for Defendant as a non-exempt, hourly employee in California during the PAGA Period, which is defined as the period from June 20, 2023, through the date of approval of the settlement. Settlement Agreement §§ 1.4, 1.24. As of the date the Parties entered into the Agreement, Defendant estimated that there were approximately 886 Aggrieved Employees who worked an estimated 14,088 Pay Periods during the PAGA Period. *Id*. at § 4.1.; Yslas Decl., at ¶ 7.

B. Settlement Terms

The Settlement Agreement negotiated by the Parties provides for a Gross Settlement Amount ("GSA") payment in the amount of $225,000.00 to resolve the PAGA Action. Settlement Agreement §§ 1.15, 3.1. The GSA will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees, PAGA Counsel Expenses, the Plaintiff's Enhancement Award and the Administrator's Expenses. Settlement Agreement §§ 1.15, 3.2.1. After deducting Plaintiff's Enhancement Award ($5,000.00), PAGA Counsel Fees ($75,000.00), PAGA Counsel Litigation Expenses ($8,030.83), and Administrator Expenses Payment not to exceed ($7,500.00) from the GSA, the amount remaining is the Net Settlement Amount ("NSA"). Settlement Agreement §§ 1.15, 1.20., 3.2.1. – 3.2.4. The NSA, which is currently estimated to be $129,469.17, shall be distributed as PAGA Penalties with 65% of the NSA allocated to the LWDA PAGA Payment and 35% of the NSA allocated to Individual PAGA Payments. Settlement Agreement §§ 1.27., 3.2.4.

<u>PAGA Penalties</u>: The NSA will be distributed as PAGA Penalties with sixty-five percent (65%) allocated to the LWDA PAGA Payment and the remaining thirty-five percent (35%) allocated to the Individual PAGA Payments for Aggrieved Employees. Settlement Agreement § 3.2.4. This 65/35 allocation is required by Labor Code §2699 as explained by *ZB, N.A. v. Superior Court*, 8 Cal.5th 175 (2019).

<u>Individual PAGA Payments</u>: The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Net Settlement Amount by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period, and (b) multiplying the result by the PAGA Pay Periods worked by the individual Aggrieved Employee during the PAGA Period. Settlement Agreement § 3.2.4.1. The PAGA Period is the period from June 20, 2023 through the date of approval of the settlement. Settlement Agreement § 1.24.

<u>Plaintiff's Enhancement Award</u>: Subject to Court approval, the Plaintiff shall be paid a Plaintiff's Enhancement Award not to exceed $5,000.00 for his time and effort in bringing and

presenting the Action. Settlement Agreement §§ 1.13., 3.2.1.

PAGA Counsel Fees Payment: Subject to Court approval, PAGA Counsel shall be entitled to receive an award of reasonable attorneys' fees of not more than one-third (1/3) of the GSA which is currently estimated to be $75,000.00. Settlement Agreement § 3.2.2.

PAGA Counsel Litigation Expenses Payment: Subject to Court approval, PAGA Counsel shall be entitled to the actual costs, not to exceed $22,000.00. Settlement Agreement § 3.2.2. Counsel seeks reimbursement of costs incurred in the amount of $8,030.83. Yslas Decl. ¶ 33.

Administrator Expenses Payment: The Parties agreed to appoint Phoenix Settlement Administrators, Inc. ("Phoenix") as the Administrator for the Settlement. Settlement Agreement § 1.2. The Administration Expenses Payment, which is not to exceed $7,500.00, shall be paid from the GSA. Settlement Agreement §§ 1.3, 3.2.3.

C. Releases

Plaintiff's Release: "Plaintiff discharges Released Parties from any and all claims, actions, causes of action, rights, suits, debts, contracts, obligations, agreements, proceedings, damages, charges, losses, and expenses (including attorneys' fees and costs) of any nature whatsoever, whether based in contract, federal, state, or local statute, or the common law, relating to any matters of any kind, whether known or unknown, suspected or unsuspected, that Plaintiff may possess arising from any omissions, acts, and any and all events or facts that have occurred up until and including the date of the signing of this Agreement that Plaintiff may have or claim to have against any Released Parties, as well as their members, owners, employees, officers, agents, affiliates, and insurers. In connection with said release, Plaintiff shall waive all rights under California Civil Code section 1542 and any other provision of law that may restrict the release of unknown claims, as further set forth in Section 5.2 below. Plaintiff agrees that this release is effective regardless of whether any Individual PAGA Payment ultimately approved for or distributed to Plaintiff, and that Plaintiff's Enhancement Award constitutes full and adequate consideration for this Release. Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested retirement benefits, vested equity awards, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them, and acknowledges that this Release is a material, bargained-for term of the Parties' Settlement." Settlement Agreement § 5.1. Only Plaintiff will agree to a general release and a waiver of Civil Code § 1542. Settlement Agreement § 5.2.

Release by Aggrieved Employees: "All Aggrieved Employees will release any and all claims under PAGA that were alleged or could have been alleged, based on the facts, legal theories, pay practices, policies, and/or omissions alleged in the Complaint and in the PAGA Notice. This includes, without limitation, all PAGA claims for civil penalties predicated on alleged violations of any Labor Code provisions referenced in the Complaint or the PAGA Notice, or arising from the same alleged facts during the PAGA Period, whether known or unknown, suspected, or unsuspected. The Released PAGA Claims are those that accrued during the PAGA Period. In accordance with this release, the res judicata effect of the Judgment shall bar all Released PAGA Claims by Aggrieved Employees and the State of California for the PAGA Period." Settlement Agreement § 5.3.

Release by PAGA Counsel: "PAGA Counsel releases on behalf of their present and former attorneys, employees, agents, successors, and assigns the Released Parties from all claims for PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment incurred in connection with the Complaint and the PAGA Period facts states in the Complaint." Settlement Agreement § 5.4.

D. Settlement Administration

Defendant will provide the Aggrieved Employee Data to the Administrator not later than sixty (60) days after the Effective Date. Settlement Agreement §§ 1.5, 4.2. Defendant must notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. *Id*.

The Effective Date means the date when all of the following events have occurred: (i) the PAGA Settlement Agreement has been executed by Plaintiff, Defendant, PAGA Counsel, and Defense Counsel; (ii) Notice of the Settlement has been sent to the LWDA; (iii) the Court has given approval to the Settlement; (iv) the Court has entered the Court's Final Order and Judgment; and (v) the Settlement is Final. The Settlement is "Final" when the last of the following events occur: (A) the period for filing any appeal, writ or other appellate proceeding opposing the Settlement has elapsed without any appeal, writ or other appellate proceeding having been filed; (B) any appeal, writ or other appellate proceeding opposing the Settlement has been dismissed finally and conclusively with no right to pursue further remedies or relief; or (C) the Court's final order and judgment has been upheld in any appeal, writ or other appellate proceeding with no right to pursue further challenges to the Settlement. If the Court declines to approve the Settlement, the entire PAGA Settlement Agreement is deemed void and unenforceable as if no settlement of any claim was ever reached. All negotiations, statements and proceedings and data relating thereto shall be protected by California Evidence Code Section 1152 and shall be without prejudice to the rights of any of the Parties. Settlement Agreement § 1.12. Defendant shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than thirty (30) days after the date the Administrator acknowledges receipt of the Aggrieved Employee Data from Defendant and confirms such data is sufficient to issue the Individual PAGA Payments. *Id*. at §§ 4.3., 3.1.

Within ten (10) days after Defendant fully funds the GSA, the Settlement Administrator will issue checks for the Individual PAGA Payments and send them to Aggrieved Employees along with the PAGA Settlement notice via First-Class U.S. Mail to Aggrieved Employees' last known mailing address. Settlement Agreement § 4.4. The Administrator must conduct a Aggrieved Employee Address Search for all other Aggrieved Employees whose checks are returned undelivered without United States Postal Service ("USPS") forwarding address. *Id*. at § 4.4.2. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. *Id*.

The Individual PAGA payments will expire one hundred eighty (180) calendar days from the date they are issued by the Administrator. Settlement Agreement § 4.4.1. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee. Settlement Agreement § 4.4.3. Because all unclaimed Individual PAGA Payment amounts are remitted to the California Controller's Unclaimed Properly Fund following cancellation, there will be no residual funds resulting from uncashed or unclaimed checks, and no unpaid residue will exist as a result of this Settlement within the meaning of California Code of Civil Procedure § 384. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms. *Id*. at § 3.2.4.2.

Within ten (10) days after Defendant fully funds the GSA, the Administrator will also pay the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and Plaintiff's Enhancement Award. Settlement Agreement § 4.4. Disbursement of the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the Enhancement Award shall not precede disbursement of Individual PAGA Payments. *Id*.

Pursuant to California Labor Code Section 2699(s)(2), Plaintiff submitted the proposed Settlement Agreement to the LWDA on June 11, 2026. Yslas Decl. at ¶ 34, **Exhibit 6**. Plaintiff will submit a copy of the Court's judgment and order approving the Settlement Agreement to the LWDA within ten (10) days after entry of judgment or order. *Id*.

IV. THE COURT SHOULD GRANT APPROVAL OF THE PAGA SETTLEMENT

A. Legal Standard

Labor Code § 2699(l) requires that the Court "shall review and approve any settlement of any civil [PAGA] action filed pursuant to this part. The proposed settlement shall be submitted to the agency at the same time that it is submitted to the court." In doing so, the trial court must consider whether the settlement is "fair, reasonable, and adequate in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." *Moniz v. Adecco USA, Inc.*, 72 Cal. App. 5th 56, 77-78 (Cal. Ct. App. Nov. 30, 2021) (overruled in part on other grounds); *see also O'Connor v. Uber Technologies, Inc.*, 201 F. Supp. 3d 1110, 1133 (N.D. Cal. 2016) (adopting guidance from the LWDA providing that "when a PAGA claim is settled, the relief provided for under the PAGA [must] be genuine and meaningful, consistent with the underlying purpose of the statute to benefit the public").

The court's role in reviewing PAGA settlements differs from its gatekeeping function in the class action context. In class actions, courts have a fiduciary duty to protect the interests of absent class members, whose individual claims will be discharged. *Kullar v. Foot Locker Retail, Inc.*, 168 Cal.App.4th 116, 129 (2008). In this role, courts conduct an "independent assessment of the adequacy of the settlement terms," which requires them to have sufficient data and information about the amount in controversy and the realistic range of outcomes. *Id*. at 132. Courts consider a variety of factors in conducting this analysis, including whether the settlement is negotiated at an arm's length, whether there is sufficient discovery and information to permit parties and the court to act intelligently, whether the attorneys have experience with the type of issues, and whether the number of objectors is small. *Dunk v. Ford Motor Co*., 48 Cal.App.4th 1794, 1800-1801 (1996).

However, a PAGA representative action is "not akin to a class action," it "is a species of qui tam action." *Flores v. Starwood Hotels & Resorts Worldwide, Inc*., 253 F.Supp.3d 1074, 1076 (C.D. Cal. 2017). When reviewing a PAGA-only settlement, courts do not consider the value of individuals' claims for damages because a PAGA settlement does not release those claims. *See Kim v. Reins Int'l California, Inc*., 9 Cal.5th 73, 87 (2020) (PAGA claims differ from individual claims); *ZB, N.A. v. Superior Court*, 8 Cal.5th 175, 188 (2019) (noting that PAGA penalties do not seek damages that are compensatory in nature). "The state's interest in such an action is to enforce its laws, not to recover damages on behalf of a particular individual." *Huff v. Securitas Sec. Servs., USA, Inc*., 23 Cal.App.5th 745, 760 (2018). Instead of focusing on fair recovery for individual claims, the goal of PAGA enforcement is to achieve "maximum compliance with state labor laws." *Id*. at 756; *see also Iskanian*, 59 Cal.4th at 383 (noting that the goal of PAGA is to impose civil penalties for Labor Code violations "significant enough to deter violations"); *McKenzie v. Federal Exp. Corp.*, 765 F.Supp.2d 1222, 1233 (C.D. Cal. 2011) ("Unlike a class action seeking damages… for injured employees, the purpose of PAGA is to incentivize private parties to recover civil penalties for the government that otherwise may not have been assessed and collected by overburdened state enforcement agencies.").

B. The PAGA Penalties Secured by the Settlement Are Genuine and Meaningful and Fulfill PAGA's Underlying Purpose to Benefit the Public

The Settlement of $225,000.00 by the employer for the alleged violations of California's labor laws is a substantial amount, and is significant enough for a deterrent effect and provide genuine and meaningful relief – and approximately $129,469.17 in PAGA Penalties to the State of California and Aggrieved Employees – thus fulfilling the underlying purpose of PAGA to benefit the public. [1] Yslas Decl. at ¶ 6; Settlement Agreement §§ 3.2.1.-3.2.4.; *see Jordan v. TCS Grp., Inc.*, No. EDCV161701JVSSPX, 2018 WL 1409590, at *3 (C.D. Cal. Jan. 5, 2018) ("The proposed settlement imposes a substantial penalty payment of $150,000.00, paid in exchange for a release of only those claims pled in the notice to the LWDA and the Complaint. This penalty has a substantial deterrent effect on Defendant and other California employers. Furthermore, the proposed settlement encourages compliance with the specific requirements of the Labor Code, which has the effect of protecting workers from unlawful employment practices and working conditions."); *Echavez v. Abercrombie & Fitch Co.*, No. CV 11-09754-GAF, 2017 WL 3669607, at *3 (C.D. Cal. Mar. 23, 2017) (finding that "[t]he primary purpose of PAGA, i.e., the empowerment of Aggrieved Employees to act as private attorneys general to collect civil penalties from their employers for Labor Code violations, [was] served by the proposed PAGA penalty in the parties' settlement agreement," where $340,000 of $700,000 settlement was allocated to PAGA penalties which were divided 75% to the LWDA and 25% to an

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[1] The currently estimated Net Settlement Amount of $129,469.17 was calculated as follows: the $225,000.00 GSA minus $75,000.00 for Plaintiff's Counsel's attorneys' fees, minus $8,030.83 for Plaintiff's Counsel's litigation expenses, minus $7,500.00 for administration costs, and minus $5,000.00 for the enhancement award to Plaintiff.

estimated 10,000 Aggrieved Employees).

This PAGA Settlement amount compares favorably to the estimated amount of PAGA penalties. Plaintiff calculated that the maximum amount of statutory PAGA civil penalties was potentially $1,408,800.00 for an estimated 886 employees based on 14,088 pay periods.[2] Yslas Decl. at ¶ 7. Importantly, however, these calculations were performed at the maximum statutory rate for the penalties, when in fact, it is likely that any penalties awarded would be at a lower rate. California Labor Code Section 2699(e)(1) permits a Court to award a lesser amount than the maximum civil penalty if based on the facts and circumstances to do otherwise would result in an award that is "unjust, arbitrary and oppressive or confiscatory." *See Carrington v. Starbucks Corp*., 30 Cal.App.5th 504 (2018) (affirming a judgment after trial that only provided for a PAGA penalty of $5 per pay period). Therefore, at trial, any PAGA penalties awarded could be significantly less than Plaintiff's calculation even where Plaintiff prevailed on the PAGA claim. *See Fleming v. Covidien*, No. ED CV 10-01487 RGK (OPx), 2011 U.S. Dist. LEXIS 154590 (C.D. Cal. Aug. 12, 2011) (a federal court reduced PAGA penalties from $2,800,000.00 to $500,000.00, a reduction of 82.2%, because the court found maximum penalties "unjust" because the employees had suffered no injuries).

C. The Settlement is Reasonable Given the Risks of Further Litigation

In order to recover any PAGA penalties on behalf of aggrieved employees, Plaintiff would be required first to prevail in his individual arbitration on a Labor Code violation to have standing under PAGA. *Adolph v. Uber Technologies, Inc.,* 14 Cal.5th 1104 (2023). Then Plaintiff at trial would need to prove each of the underlying Labor Code violations. *See Cardenas v. McLane Foodservice, Inc*., No. BCV-23-102915, 2011 U.S. Dist. LEXIS 13126, *10 (C.D. Cal. Jan. 31, 2011) ("Given the statutory language [of PAGA], a plaintiff cannot recover on behalf of individuals whom the plaintiff has not proven suffered a violation of the

[2] Stacking is where more than one civil penalty is imposed in a pay period for the same conduct. The valuation of $1,408,800.00 is the civil penalty amount without stacking. If stacking is permitted, then the valuation increases with each additional penalty added to each pay period. Courts to consider the issue have refused to "stack" penalties. *See Carrington v. Starbucks Corp*., 30 Cal.App.5th 504 (2018).

Labor Code by the defendant."). Here, Plaintiff would need to prove, among other things, that each Aggrieved Employee suffered a violation for each period the employee worked in relation to (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 wages statements; (7) failure to indemnify employees for expenditures; and (8) failure to produce requested employment records. Yslas Decl. at ¶ 3.

Defendant maintains that Plaintiff and the Aggrieved Employees were properly compensated, and that they did not violate the Labor Code as to Plaintiff or the Aggrieved Employees. Yslas Decl. at ¶ 8. Defendant also maintains that they have legally compliant wage and hour policies and practices, which policies were provided prior to mediation. *Id*. Accordingly, Defendant strongly disputes and denies Plaintiff's allegations and claims asserted in the operative complaint which are resolved by the Settlement Agreement. *Id*. Defendant asserted additional defenses to the PAGA claim, not only as to liability but also as to the amount of the penalties. *Id*. Defendant could argue that no penalties prior to the PAGA notification should be awarded because the violations were not intentional, and at least one Court has so ruled. *Id*. These defenses present a risk to the PAGA claim and the potential that some or all of the PAGA penalties sought may not be awarded. *Id*. Defendant would also argue for a good faith reduction of the PAGA penalties, if any violations were found. *Id*. Defendant has only agreed to the settlement in order to avoid the continued expense, disruption, and uncertainty of further litigation. *Id*.

While Plaintiff is confident in the merits of the case, a legitimate controversy exists as to each cause of action for penalties, the factual allegations, the evidentiary basis, and the underlying claims. Yslas Decl. at ¶ 9. Plaintiff also took into account the fact that continued litigation would be expensive, involving a trial and possible appeals, and would substantially delay and potentially reduce any recovery to the State of California and the Aggrieved Employees. *Id*. Assuming Plaintiff could prove at least one violation per pay period and the Court awarded \$100.00 in PAGA penalties for each of the 14,088 pay periods during the PAGA

Period, the total penalties would be approximately $1,408,800.00. *Id*. As such, the Gross Settlement Amount of $225,000.00 is approximately 16% of the maximum realistic liability in this case. *Id*.

Thus, when the risks of litigation, the burdens of proof necessary to establish liability, and the probability of appeal of a favorable judgment are considered, it is clear the settlement amount of $225,000.00 is reasonable and in the best interest of the State of California and the public. Yslas Decl. at ¶ 10. Plaintiff objectively and knowledgably balanced the strengths and weaknesses of his claims against the risk of continued litigation and were able to determine a realistic range of settlement recovery for PAGA penalties. *Id*. The Settlement therefore accomplishes PAGA's objectives by imposing sufficient civil penalties "to punish and deter" alleged Labor Code violations (to the extent any Labor Code violations occurred), while also ensuring that the penalties are not "unjust, arbitrary and oppressive, or confiscatory." Lab. Code § 2699(e)(2); *Iskanian*, 59 Cal. 4th at 384.

V. THE ATTORNEYS' FEES AND COSTS ARE FAIR AND REASONABLE

PAGA Counsel seeks approval of attorneys' fees from the PAGA settlement in the amount of $75,000.00 representing one third (1/3) of the GSA and costs not to exceed $22,000.00. Settlement Agreement § 3.2.2.

A. Plaintiff's Counsel's Requested Attorneys' Fees Are Reasonable under the Common Fund Method

The request for attorneys' fees as a percentage of the gross settlement amount is supported by the "common fund theory," where "one who expends attorneys' fees in winning a suit which creates a fund from which others derive benefits, may require those passive beneficiaries to bear a fair share of the litigation costs." *Serrano v. Priest*, 20 Cal.3d 25, 35 (1977).

The purpose of the common fund approach is to "spread litigation costs proportionally among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." *Vincent v. Hughes Air West, Inc*., 557 F.2d 759, 769 (9th Cir. 1977). Thus, the common fund doctrine has been applied "consistently in California when an action brought by one party creates a fund in which other persons are entitled to share." *City and County of San Francisco v. Sweet*, 12 Cal.4th 105, 110 (1995); *see Quinn v. State of California*, 15 Cal.3d 162, 167 (1975) ("[O]ne who expends attorneys' fees in winning a suit which creates a fund from which others derive benefits may require those passive beneficiaries to bear a fair share of the litigation costs.").

A number of other courts have recognized the advantages of awarding fees as a percentage of the common fund over the alternative lodestar approach, which usually involves wading through voluminous and often indecipherable time records. *See*, e.g., *In re Activision Securities Litigation*, 723 F.Supp. 1373, 1375 (N.D. Cal. 1989). The percentage approach is preferable to the lodestar method because: (1) it provides predictability to counsel; (2) encourages efficient resolution of the litigation by providing an incentive for early, yet reasonable, settlement; and (3) reduces the demands on judicial records. *Id*. at 1378-79; *see also Lealao v. Beneficial Cal., Inc*., 82 Cal.App.4th 19, 28 (2000) (discussing findings of task force commissioned by the Third Circuit, which "concluded that the lodestar approach (1) increases the workload of an already overtaxed judicial system, (2) is insufficiently objective and produces results that are far from homogenous, (3) creates a sense of mathematical precision that is unwarranted in terms of the realities of the practice of law, (4) is subject to manipulation by judges who prefer to calibrate fees in terms of percentages of the settlement fund or the amounts recovered by the Claimants or of an overall dollar amount, (5) encourages lawyers to expend excessive hours, and engage in duplicative and unjustified work, (6) creates a disservice for the early settlement of cases, (7) deprives trial courts of flexibility to reward or deter lawyers so that desirable objectives, such as early settlement, will be fostered, (8) works to the particular disadvantage of the public interest bar, and (9) results in confusion and lack of predictability.").

The percentage of attorneys' fees set forth in the Settlement Agreement – one-third (1/3) of the Gross Settlement Amount – is reasonable. Historically, courts have awarded percentage fees in the range of 20% to 50% in common fund cases. *Newberg on Class Actions*, 4th Ed. 2002, § 14:6. *Newberg* notes that achievement of a substantial recovery with modest hours expended should not be penalized but should be rewarded for considerations of time saved by superior services performed. *Id*. Furthermore, California and federal courts have long recognized that a percentage of recovery for attorneys' fees is properly awarded on the basis of the total value. *Boeing v. Van Gemert*, 444 U.S. 472, 480-481 (1980); *see also In re Consumer Privacy Cases*, 175 Cal.App.4th 545, 558 n.13 (2009) ("Empirical studies show that, regardless whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery.")

The Court should also consider that Plaintiff's counsel's efforts have resulted in substantial benefits to the State of California and the Aggrieved Employees, in the form of a significant, non-reversionary settlement fund established to compensate the State of California and the Aggrieved Employees and to penalize Defendant for the alleged PAGA violations. Without the efforts of Plaintiff's counsel, the claims alleged in the complaint would likely have gone without remedy. Yslas Decl. at ¶ 31.

B. A Lodestar Cross-Check Confirms the Reasonableness of the Requested Fee

Although *Laffitte v. Robert Half Int'l, Inc*., 1 Cal.5th 480, 489 (2016) makes clear that a lodestar cross-check is not required, Class Counsel's lodestar supports the reasonableness of the requested fee. The lodestar is determined by multiplying the number of hours reasonably expended by the reasonable hourly rate. *PLCM Group, Inc. v. Drexler*, 22 Cal.4th 1084, 1095 (2000). The lodestar figure may then be adjusted, based on consideration of factors specific to the case, in order to fix the fee at the fair market value for the legal services provided." *Id*. The factors that can be considered include "the nature of the litigation, its difficulty, the amount involved, the skill required in its handling, the skill employed, the attention given, the success or failure, and other circumstances in the case." *Melnyk v. Robledo*, 64 Cal.App.3d 618, 623-624 (1976) (citations omitted).

The total hours expended on this action by PAGA Counsel were reasonable and in line with comparable cases. While it is not necessary to substantiate the fee award with a lodestar in this PAGA Action, it should be noted that PAGA Counsel spent approximately 134.3 hours prosecuting this action, which were divided among the attorneys working on this case according to skill level. Yslas Decl. at ¶¶ 28-30.) Multiplying the total hours expended by PAGA Counsel by their reasonable hourly rates yields a lodestar of $136,310.00. *Id*. at ¶ 30. This amount surpasses the requested fee award of $75,000.00, resulting in a negative multiplier. *Id*. at ¶ 31. This amount does not include the time PAGA Counsel will spend at the final approval hearing and assisting the Settlement Administrator following final approval. *Id*. PAGA Counsel dedicated significant resources to this case by dividing the tasks required according to skill level. *Id*. The hours expended by each attorney were not duplicative and reflect the extensive investigation and analysis that was required to achieve this Settlement. This time could have been spent on other potentially lucrative cases. *Id*. PAGA Counsel's lodestar reflects the efficiencies achieved by attorneys experienced in this field. *Id*. Moreover, PAGA Counsel has singularly assumed the risk and costs of litigation purely on a contingency basis. *Id*. And, while Plaintiff is confident in the merits of his claims, a legitimate controversy exists as to each cause of action, posing an actual risk that Plaintiff may not succeed at class certification and/or trial. *Id*. Any of these obstacles could have prevented recovery completely, meaning PAGA Counsel would have been left with no compensation for all the time and money invested in litigating this case. *Id*. Despite these risks, Class Counsel took this case on a contingency basis so that PAGA Members (a particularly vulnerable group of hourly paid workers) could be compensated for their unpaid wages. *Id*. Consequently, PAGA Counsel was precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain. *Id*.

The Court should also consider that PAGA Counsel's efforts have resulted in substantial benefits to the State of California and the Aggrieved Employees, in the form of a significant, non-reversionary settlement fund established to compensate the State of California and the Aggrieved Employees and to provide adequate deterrence of alleged PAGA violations. Yslas Decl. at ¶ 31. Without the efforts of PAGA Counsel, the claims alleged in the complaint would likely have gone without remedy. *Id*.

C. Plaintiff's Counsel's Rates Are Similar to Those Approved by California Courts in Comparable Cases.

Plaintiff's Counsel's hourly rates are comparable to those charged by other class action plaintiffs' counsel and the firms defending class actions. Yslas Decl. at ¶ 24. Plaintiff's Counsel's rates are well within the range of hourly rates that the Los Angeles legal marketplace would compensate counsel for similar services accomplishing similar results. *Id*. For example, in *Bronshteyn v. State of California*, Los Angeles County Superior Ct. No. 19SMCV00057, Order Granting Plaintiff's Motion for Statutory Attorneys' Fees and Costs filed March 30, 2023, an employment action brought by two small law firms (Levy, Vinick, Burrell & Hyams LLP and Law Offices of Wendy Musell), the court found that counsel's 2022 hourly rates of $1,100 and $1,000 per hour were reasonable for the plaintiff's five senior attorneys, including $1,000 per hour for the plaintiff's 23-year lead counsel and $850 per hour for a senior associate. *Id*. These rates were then augmented by a 1.75 lodestar multiplier and affirmed by the California Court of Appeals. *Id*. The rates (and multiplier) requested here are well in line with those found reasonable in *Bronshteyn*. In *Tran v. Golden State FC LLC*, *et al*. (LASC Case No. BC699931), Fee Order filed 4/8/2022, the court found hourly rates of $1,300 per hour reasonable for plaintiff's 32-year attorney and $1,000 per hour reasonable for a 14-year attorney. *Id*.

Plaintiff's Counsel has also been approved as Class Counsel by courts in California. Yslas Decl. at ¶ 25. *See,* e.g., *Matthew Veliz v. DrinkPak, LLC*, Los Angeles County Superior Court, Case No. 22STCV37384, *Ismael Villegas-Sanchez v. COE Orchard Equipment, Inc.*, Sutter County Superior Court, Case No. CVCS22-0002261; *Jessica Bronsal v. PTI Technologies Inc.*, Ventura County Superior Court, Case No. 202200570361CUOE; *Miguel A. Vigil Ruiz v. The De Ruosi Group, LLC*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2022-8780; *Gutierrez v. Top Drawer Merch, LLC et al*, Los Angeles County Superior Court, Case No. 23STCV04299; *Wing v. Road Machinery, LLC et al*, Kern County Superior Court, Case No. BCV-22-102896; *Hernandez v. SGPS Showrig Los Angeles, Inc.*, Los Angeles County Superior Court, Case No. 22STCV28155; *Azevedo v. Tulare Nursing & Rehabilitation Hospital, Inc.*, Tulare County Superior Court, Case No. VCU293325; *Haser v. Universal Chain of California, Inc.*, Sacramento County Superior Court, Case No. 34-2022-00332268; *Caldera v. Performance Online, Inc. et al*, Riverside County Superior Court, Case No. CVRI2306013; *Goosby v. CiminoCare, Inc.*, Sacramento County Superior Court, Case No. 34-2022-00329033; *Rooks v. Hot Cakes Restaurant Group, Inc.*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2022-11056; *Garcia v.*

Compassionate Heart, Orange County Superior Court, Case No. 30-2022-01294409-CU-OE-CXC; *Parra v. Citrus Valley Management Services, Inc.*, Riverside County Superior Court, Case No. CVRI2301768; *Torres v. HomeShield Pest Control Inc.*, Placer County Superior Court, Case No. S-CV-0049525; *Cabrera v. Creekside Auto Group*, Santa Clara County Superior Court, Case No. 23CV415661; *Simpson v. Arcos*, Riverside Superior Court, Case No. CVRI2303337; *Payne v. Planned Parenthood: Shasta-Diablo, Inc.*, San Francsico County Superior Court, Case No. CGC-23-607359. *Id*. The total hours expended on this action are reasonable and in line with those expended in comparable cases. *Id*.

In cases in which Plaintiff's Counsel has been approved as Class Counsel, California courts have approved rates similar to those requested by Plaintiff's Counsel in the instant case. Yslas Decl. at ¶ 26. *See*, e.g., *Rodolfo Ponce v. Youbar, Inc.*, Los Angeles County Superior Court, Case No. 22STCV37519 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Sabrina N. Batres v. Wish Automotive II, Inc. dba Infiniti of Van Nuys*, Los Angeles County Superior Court, Case No. 23STCV19968 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Diandrea Correa et al. v. CareMeridian, LLC, et. al.,* Los Angeles County Superior Court, Case No. 23STCV10707 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Fawn F. Bekam ($800.00), Diego Aviles ($800.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Carlos Santos Granados v. Sunny Hills Management Co., Inc.,* Los Angeles County Superior Court, Case No. 23STCV02109 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Diego Aviles ($750.00), Courtney M. Miller ($650.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Mariam Nazaretyan ($550.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Kayla Kurges v. Khanna Enterprises, Ltd. dba Sheraton Agoura Hills,* Los Angeles County Superior Court, Case No. 24STCV01590

(WLF's rates were approved as follows: John G. Yslas ($1,500.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Thora Magney et al. v. Levi Strauss & Co., et al.*, Los Angeles County Superior Court, Case No. 24STCV02320 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Fawn F. Bekam ($800.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Armando Muniz, et al. v. Lot LLC, dba Lot Management LLC (fka Red Cow, Inc.) et. al.*, Los Angeles County Superior Court, Case No. 22STCV32901 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Diego Aviles ($750.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Mariam Nazaretyan ($550.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *George Munoz v. Century West, LLC dba Century West BMW*, Los Angeles County Superior Court, Case No. 23STCV04247 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Aram Boyadjian ($600.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)); *Ivan S. Martinez II et. al. v. The Haar Company, et. al.,* Los Angeles County Superior Court, Case No. 23STCV21651 (WLF's rates were approved as follows: John G. Yslas ($1,500.00), Samantha A. Smith ($1,000.00), Jeffrey C. Bils ($850.00), Diego Aviles ($750.00), Aram Boyadjian ($600.00), Harry Erganyan ($600.00), Mariam Nazaretyan ($550.00), Lisa B. Iturriaga ($550.00), and Andrew Sandoval ($500.00)). *Id*.

Likewise, WLF's hourly rates are reasonable when compared to rates charged within the relevant legal marketplace. Yslas Decl. ¶ 27, Exhibit 3. In light of the foregoing, and considered against the risks of continued litigation, and the importance of advocating for employment rights and a speedy recovery, the relief provided under the Settlement represents a very strong result for the Aggrieved Employees. PAGA Counsel's fee request is fair and reasonable and should be approved.

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D. PAGA Counsel's Costs Are Reasonable

PAGA Counsel is entitled to reimbursement of its litigation costs under PAGA. *See* Lab. Code § 2699(k)(l) ("Any employee who prevails in any action shall be entitled to an award of reasonable attorney's fees and costs."). The Settlement provides for reimbursement of costs in actual costs incurred according to proof. Settlement Agreement § 3.2.2. To date, PAGA Counsel has incurred costs in the amount of $8,030.83. Yslas Decl. at ¶ 32, Exhibit 4. These costs were reasonably incurred in prosecuting this Action on behalf of the Aggrieved Employees and should be approved by the Court. *Id*. Accordingly, PAGA Counsel respectfully requests the Court approve costs in the amount of $8,030.83.

VI. THE REQUESTED ENHANCEMENT AWARD TO PLAINTIFF IS REASONABLE

Both the State of California and the Aggrieved Employees are beneficiaries of a settlement that would not have been made possible but for the effort and commitment of Plaintiff. The Settlement provides the Plaintiff shall be paid a Plaintiff's Enhancement Award not to exceed $5,000.00, in recognition of his efforts in bringing and presenting the Action. Settlement Agreement § 3.2.1. The requested payment is intended to recognize Plaintiff's effort in bringing the Action, serving as private attorneys general under PAGA, assisting counsel with the investigation, litigation, and settlement, regularly conferring with counsel on the status of the case, assisting counsel with mediation, and reviewing the proposed settlement to ensure that its terms are fair and achieve PAGA's objectives.

Plaintiff has provided a declaration detailing the risk he faced in bringing the suit, the notoriety and personal difficulties he encountered, the amount of time and effort he spent on this litigation, the duration of this litigation, and the personal benefit he will receive as a result of the litigation. *See generally* Declaration of Plaintiff Luis Madriz-Rivas in Support of Plaintiff's Motion for Approval of PAGA Settlement ("Madriz-Rivas Decl."). Plaintiff also faced the real risk that future employers may not hire him because he lent his name as a PAGA representative in this case, and he could have been liable for Defendant's litigation costs if the case went to trial and he lost. Madriz-Rivas Decl. at ¶¶ 4, 6. Accordingly, Plaintiff respectfully requests that the Court approve the Plaintiff's Enhancement Award in the amount of $5,000.00.

VII. CONCLUSION

Based on the foregoing, Plaintiff respectfully requests this Court approve the PAGA settlement as set forth in the Settlement Agreement and enter the proposed order and judgment submitted herewith.

Respectfully submitted,

Dated: July 29, 2026

WILSHIRE LAW FIRM, PLC

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