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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF RIVERSIDE

MARC DAVILA, an individual, and MADELEINE GRANT, an individual Plaintiffs, vs. WEST COAST TANNING DBA PALM BEACH TAN, a California corporation; and DOES 1 through 100, inclusive, Defendants.	Case No.: **CVR12404266** ASSIGNED FOR ALL PURPOSES TO: HON. HAROLD W. HOPP **PLAINTIFFS' NOTICE OF MOTION AND MOTION TO APPROVE PAGA SETTLEMENT AND MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** Date: March 19, 2026 Time: 8:30 AM Dept.: 1 Action filed: July 19, 2024

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on March 19, 2026 at 8:30 a.m., or as soon thereafter as the matter may be heard, in Department 1 of the Riverside County Superior Court, located at 4050 Main Street, Riverside, CA 92501, before the Honorable Harold W. Hopp, Plaintiffs Marc Davila and Madeleine Grant (collectively "Plaintiffs"), will move the Court for an Order Granting Approval of the PAGA Settlement Agreement ("Settlement Agreement"), entered into between Plaintiffs and Defendants West Coast Tanning, Corporation (dba Palm Beach Tan, LLC) and Heidi Shultz (collectively "Defendants") (collectively with Plaintiffs, the "Parties"); and an entry of the Proposed Order Approving PAGA Settlement and Judgment, which are filed concurrently herewith.

Plaintiffs will move the Court for an Order:

1. Granting approval of the PAGA Settlement pursuant to California Labor Code section 2699(1)(2) of the Settlement Agreement, attached as Exhibit 1 to the Declaration of Kevin Lipeles, including, but not limited to, the plan of allocation and distribution of the Gross PAGA Settlement Amount for payment of the LWDA PAGA Payment to the Labor and Workforce Development Agency ("LWDA"), Individual PAGA Payments to the Aggrieved Employees, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment and Enhancement Payments to Plaintiffs, to resolve the claims brought pursuant to the Private Attorneys General Act of 2004 ("PAGA");
2. Approving the PAGA Net Settlement Amount, estimated to be no less than $56,190.05, which will be distributed to the LWDA and the Aggrieved Employees, pursuant to California Labor Code section 2699(i), of which sixty-five percent (65%) will be paid to the LWDA ("LWDA PAGA Payment") and thirty-five percent (35%) will be paid to the Aggrieved Employees ("Individual PAGA Payment");
3. Directing Defendants to deposit the Gross PAGA Settlement Amount of $125,000 into a qualified settlement fund for administration of the Settlement pursuant to the schedule in the Settlement Agreement, and directing the Administrator to distribute the Gross PAGA Settlement Amount in accordance with the Settlement Agreement;
4. Directing that the Notice of Settlement be sent to Aggrieved Employees with their Individual PAGA Payments in the manner set forth in the Settlement Agreement;
5. Appointing Phoenix Class Action Administration Solutions as the Administrator;
6. Awarding the amount of up to $6,500 to the Administrator for the Administration Expenses Payment;
7. Awarding Plaintiffs their Enhancement Payments in the amount of $2,500 each

($5,000 total); and

8. Awarding PAGA Counsel their PAGA Counsel Fees Payment in the amount of $43,750 and $13,559.95 PAGA Counsel Expenses Payment.

Plaintiffs also request that the Court sign and enter the PAGA Settlement Approval Order and Final Judgment, filed concurrently herewith.

This Motion is made pursuant to California Labor Code section 2699(1)(2), which provides for review and approval by the Court of the settlement of a civil action filed pursuant to PAGA.

This Motion is based upon this Notice of Motion and Motion; the Memorandum of Points and Authorities in support thereof; the Declarations of Kevin Lipeles, Esq., Plaintiffs Marc Davila and Madeleine Grant in support thereof; the Settlement Agreement; the Proposed Order Approving PAGA Settlement and Judgment; the other records, pleadings, and papers filed in this action; and upon any such other evidence or argument as may be presented to the Court during the hearing of this Motion.

As this Motion is unopposed and concerns complex claims, Plaintiffs respectfully request the Court for relief from the page limit requirement under California Rule of Court 3.1113(e).

Respectfully submitted,

Dated: February 18, 2026

LIPELES LAW GROUP, APC

By: ______________________

Kevin Lipeles, Esq.
Thomas Schelly, Esq.
Jasmine Badawi, Esq.
Attorneys for *Plaintiffs,*
the LWDA, and the Aggrieved Employees

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This motion seeks approval of a representative action settlement ("Settlement" or "PAGA Settlement") under the California Private Attorneys General Act ("PAGA"), Labor Code section 2699 *et seq*., for alleged wage and hour claims brought by Plaintiffs Marc Davila and Madeleine Grant (collectively "Plaintiffs"), on behalf of themselves and all similarly situated Aggrieved Employees, against Defendants West Coast Tanning, Corporation (dba Palm Beach Tan, LLC) and Heidi Shultz (collectively "Defendants") (collectively with Plaintiffs, the "Parties", and each individually, a "Party"). Following mediation in this matter, the Parties reached a settlement. In accordance Labor Code section 2699(l). Plaintiffs now seek this Court's approval of the Settlement Agreement ("Settlement Agreement" or "S.A") which sets forth the terms for the Settlement, as part of the Parties' settlement of this action. A true and correct copy of the Settlement Agreement is attached as Exhibit 1 to the Declaration of Kevin Lipeles ("Lipeles Decl."), filed concurrently herewith. Lipeles Decl., ¶ 3.

II. RELEVANT FACTUAL BACKGROUND AND PROCEDURAL HISTORY

A. The Parties and the Aggrieved Employees

Defendant West Coast Tanning, Corporation (dba Palm Beach Tan, LLC) is a California corporation that owns and operates tanning salons in Riverside County, California. *See* Plaintiffs' Second Amended Complaint ("SAC"), attached as Exhibit 4 to Lipeles Decl., at ¶12. Defendant Heidi Shultz is the owner of West Coast Tanning, Corporation (dba Palm Beach Tan, LLC). *Id.*

Plaintiffs are California residents and were employed by Defendants as non-exempt, hourly-paid employees during the relevant time period as Tanning/Sales Consultants ("Consultants") earning $18 per hour. Plaintiff Davila was employed by Defendants from on or about January 8, 2023 until on or around July 26, 2023. SAC, ¶ 18. Plaintiff Grant was employed by Defendants from on or about November 7, 2022 until on or about August 1, 2023. *Id.* at ¶ 19.

Plaintiffs seek to represent a group defined as: Plaintiffs and all current and former non-exempt or hourly paid employees of Defendants that have worked for Defendants in the State of California at any time from July 15, 2023 until July 1, 2025 ("Aggrieved Employees").[1] The PAGA Period is

[1] S.A., ¶ 1.4.

defined as July 15, 2023 through July 1, 2025. The Covered PAGA Pay Period is defined as the period from July 15, 2023 through July 1, 2025 or the date on which no more than 6,710 [6,100 * 10% + 6,100 = 6,710] pay periods are released, whichever is earlier.[2] During the PAGA Period, Defendants employed approximately 624 Aggrieved Employees who worked a total of approximately 6,710 pay periods.[3]

B. Factual Allegations

As Consultants, the job responsibilities of Plaintiffs and the Aggrieved Employees involved checking customers in for their appointments and signing customers up for memberships. *See* Declaration of Marc Davila ("MD Decl."), ¶ 4 and Declaration of Madeleine Grant ("MG Decl."), ¶ 4.

Plaintiffs were required to routinely perform compensable tasks post-shift off the clock for which they did not receive compensation. Specifically, about two times per week, Plaintiffs and Aggrieved Employees were required to work off the clock for approximately 30 minutes after clocking out when their managers told them they were required to work a double shift. SAC, ¶ 20a. Aggrieved Employees were also routinely required to work schedules such that they were due pay at overtime rates. However, they were not paid overtime wages. SAC, ¶ 20b. Further, as a result of not affording compliant meal/rest breaks and due to off the clock work, Aggrieved Employees were paid less than minimum wage. SAC, ¶ 20c. Defendants failed to afford the Aggrieved Employees compliant meal/rest breaks, yet Defendants never paid them any meal or rest break premiums on days which they did not receive legally compliant breaks. SAC, ¶¶ 20d, e. Defendants never paid Aggrieved Employees sick pay even though they had sick pay available. SAC, ¶ 20g. Defendants did not reimburse Aggrieved Employees for their cell phone use and purchases of snacks/water. SAC, ¶ 20i. Lastly, Defendants failed to provide Aggrieved Employees suitable seating. SAC, ¶ 20j.

C. Procedural History

On July 15, 2024, Plaintiff Davila submitted his PAGA Notice Letter to California's Labor and Workforce Development Agency ("LWDA") and Defendant West Coast Tanning Corporation (dba

[2] S.A, ¶ 1.16.
[3] S.A. ¶.4.1.

Palm Beach Tan, LLC), informing them of their intent to pursue civil penalties under PAGA on behalf of the State of California and other Aggrieved Employees. Lipeles Decl., ¶ 4. On July 19, 2024, Plaintiff Davila filed his Class Action Complaint. *Id.*, ¶ 5.

On or about October 23, 2024, Plaintiff Davila amended his PAGA letter to include Plaintiff Grant. Lipeles Decl., ¶ 6.

On or about February 25, 2025, Plaintiffs filed a First Amended Complaint adding Plaintiff Grant, dismissing the class claims and alleging a single cause of action for penalties pursuant to PAGA. Lipeles Decl., ¶ 7.

On or about October 1, 2025, Plaintiffs amended their PAGA letter to include claims against Heidi Schultz. On or about January 29, 2026, Plaintiffs filed a Second Amended Complaint adding Heidi Schultz as a Defendant. Lipeles Decl., ¶ 12, ex. 4.

D. Investigation and Mediation

Thereafter, the Parties agreed to attend private mediation and engage in an informal exchange of discovery. *Id.*, ¶ 8. Prior to mediation, Defendants provided statistical data, including records of Defendants' employees, which consisted of wage statements, clock in and clock out times, times taken for meal breaks, wages earned during the relevant pay periods, written policies and procedures on meal breaks, rest breaks, overtime compensation, and reimbursement for business expenses, the number of pay periods in the PAGA Period, and the total number of putatively aggrieved employees. *Id.*

On May 27, 2025, Plaintiffs and PAGA Counsel, remotely attended an all-day mediation by experienced wage and hour mediator, Henry J. Bongiovi, Esq. *Id.*, ¶ 9. Defendants also attended mediation through their counsel. The negotiations at the mediation were non-collusive and conducted at arms' length. Lipeles Decl., ¶10. Following the mediation, the Parties resolved the action and agreed to enter into the Settlement Agreement, now conditioned on Court approval. *Id.*, ¶ 11.

III. SUMMARY OF PLAINTIFFS' CLAIMS AND DEFENDANTS' DEFENSES

In their SAC, Plaintiffs, individually and on behalf of the Aggrieved Employees, bring a representative PAGA claim for the following causes of action: (1) failure to pay overtime; (2) failure to timely pay minimum wages; (3) failure to provide compliant meal periods or pay premiums in lieu thereof; (4) failure to provide compliant rest periods or pay premiums in lieu thereof; (5) failure to issue accurate itemized wage statements; (6) failure to pay wages due at separation of employment (waiting time penalties); (7) failure to pay sick pay; (8) failure to reimburse required business expenses; (9) failure to provide suitable seating; and (10) failure to allow Plaintiffs to timely inspect their personnel and payroll files. Lipeles Decl., ¶ 12, ex. 4; SAC, ¶ 20.

1. Failure to Pay Overtime Wages

Under California law, non-exempt employees as defined by Wage Order No. 2, are entitled to premium wages for overtime worked. Under California law, an hourly paid employee is entitled to overtime pay when they exceed eight hours of work in a single day, exceed 40 hours of work in a week or work seven days in a row.

As stated above, Defendants required Plaintiffs and the Aggrieved Employees to regularly perform compensable tasks post-shift off the clock for which they did not receive any compensation. Monies for unpaid overtime remain due and owing. SAC ¶20b. Aggrieved Employees were also routinely required to work schedules such that they were due pay at overtime rates. However, they were not paid overtime wages. *Id.*

2. Failure to Timely Pay Minimum Wages

Pursuant to Labor Code section 1197, employees must be paid at least the minimum wage fixed by the Commission or by any applicable state or local law. Any employee receiving less than the legal minimum wage may recover in a civil action the unpaid balance of the full amount of the minimum wage. Lab. Code § 1194. Notably, there is no *de minimis* defense for such time. *Troester v. Starbucks Corp*. (2018) 5 Cal.5th 829 (the California Supreme Court held that, in light of new technologies allowing time-tracking with specificity, the *de minimis* principle was not applicable in the context of an alleged policy requiring employees to work minutes off the clock routinely).

Here, Defendants failed to compensate Plaintiffs and the Aggrieved Employees for all hours that they were subject to Defendants' control because of Defendants' failure to provide compliant meal/rest breaks and failure to compensate for off the clock work by Plaintiffs and Aggrieved Employees. Further, Defendants did not properly compensate Plaintiffs and Aggrieved Employees with premium wages for failing to provide legally compliant meal and rest periods. Therefore, Defendants failed to pay Plaintiffs and the Aggrieved Employees all wages owed, including minimum wages, in a timely manner, in violation of the Labor Code sections listed above, entitling Plaintiffs to recover penalties under PAGA. SAC ¶20c. Thus, Plaintiffs are entitled to recover penalties pursuant to PAGA for minimum wage violations.

3. Failure to Provide Compliant Meal and Rest Periods or Pay Premiums

Under California law, employees are entitled to a 30-minute meal period if they work more than five hours in a shift; however, if the total work period for that day is less than six hours, then the meal period may be waived by mutual consent. Lab. Code § 512(a); *see also* section 11 of IWC Wage Order No. 2. The meal period must start prior to the end of the employee's fifth hour of work. *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1041. During the meal period, the employee is to be completely free of the employer's control and must not be required to perform any work for the employer. *Id*. at 1040-1041; Lab. Code § 226.7(a).

Employees are also entitled to take an uninterrupted, duty-free rest period of not less than ten (10) minutes for each four hours worked or a "major fraction thereof." Lab. Code § 226.7; *see also* section 12 of IWC Wage Order No. 2.

If an employer fails to provide legally compliant, timely, duty-free meal and/or rest periods, the employee is entitled to one hour of "premium pay," or an additional hour of pay at the employee's regular rate of compensation for each workday that the meal period and/or rest break was not provided. Lab. Code § 226.7(c); section 11 of IWC Wage Order No. 2.

Here, Defendant required Plaintiffs and the Aggrieved Employees to work through their meal periods and rest breaks and/or their meal periods were interrupted, which resulted in them receiving untimely, interrupted, and/or not afforded meal and rest breaks. SAC, ¶¶ 20 d, e. Despite this, Defendants never paid any meal or rest break premiums for every day in which Aggrieved Employees did not receive a legally compliant meal and/or rest break. As a result, Defendants failed to pay Plaintiffs and the Aggrieved Employees all premium wages owed, in violation of the Labor Code sections listed above, entitling Plaintiffs to recover penalties under PAGA. SAC, ¶¶ 20 d, e.

4. Failure to Issue Accurate Itemized Wage Statements

Labor Code section 226(a), requires employers to issue "an accurate itemized statement" that includes, *inter alia*, gross wages earned, total hours worked, net wages earned, and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate. An employee is deemed to suffer injury if the employer fails to provide a wage statement containing all of the required information set forth in Labor Code section 226(a). *See* Lab. Code § 226 (e)(2).

Here, Defendants failed to issue Plaintiffs and the Aggrieved Employees complete, accurate, and itemized wage statements because they never paid them all premium wages owed and did not compensate them for all hours in which they were subject to Defendants' control. SAC, ¶ 20 f. Accordingly, the wage statements which were issued failed to accurately itemize and include all gross wages earned, total hours worked, net wages earned, all applicable hourly rates in effect, and the corresponding number of hours worked at each hourly rate for each pay period. *Id*. Thus, Defendants failed to issue accurate itemized wage statements to Plaintiffs and the Aggrieved Employees, in violation of the Labor Code sections listed above, entitling Plaintiffs to recover penalties under PAGA. SAC, ¶ 20 f.

5. Failure to Pay Wages Due at Separation of Employment

Pursuant to Labor Code section 201, if an employer discharges an employee, the employer is required to pay all compensation earned and unpaid immediately at the time of discharge. If an employee quits, the employer is required to pay all compensation earned and unpaid no later than 72 hours thereafter, unless the employee has given 72 hours' notice, in which case the unpaid compensation shall be due at the time of quitting. Lab. Code § 202. Under Labor Code section 203, if an employer fails to pay the final wages owed of an employee who is discharged or who quits, "the wages of the employee shall continue as a penalty from the due date thereof at the same rate until paid or until an action therefor is commenced; but the wages shall not continue for more than 30 days." Premium pay constitutes "wages", as that term is used in the Labor Code. *Naranjov. Spectrum Security Services, Inc.* (2022) 13 Cal. 5th 93,117-118 ("missed-break premium pay constitutes wages for purposes of Labor Code section 203, and so waiting time penalties are available under that statute if the premium is not timely paid").

Here, Defendants failed to pay Plaintiffs and the Aggrieved Employees whose employment ended with Defendants during the PAGA Period all compensation due and owing upon their termination of employment, including all wages, meal and rest break premiums, sick pay and reimbursements owed, at the time of their termination, as required by Labor Code sections 201 and 202. SAC, ¶ 20 h. Accordingly, Plaintiffs and certain members of the Aggrieved Employees are entitled to recover from Defendants "waiting time" penalties in the form of accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days, pursuant to Labor Code section 203. *Id.* Based on the foregoing, Plaintiffs are also entitled to seek and recover penalties under PAGA. SAC, ¶ 27.

6. Failure to Reimburse Business Expenses

Under Labor Code section 2802, "An employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer...."

Here, Plaintiffs and the Aggrieved Employees were required to use their personal cell phones and to purchase water and snacks. SAC, ¶ 20 i. Despite these required activities, Defendants failed to indemnify or reimburse Plaintiffs and the Aggrieved Employees for use of their personal cell phones, water and snacks. *Id*. Based on the foregoing, Plaintiffs are entitled to recover penalties under PAGA. SAC, ¶ 27.

7. Failure to Pay Sick Leave Wages

Section 246 (1) requires that employers pay sick time pay to non-exempt employees at the employee's "regular rate of pay." Employers must calculate paid sick leave for nonexempt employees (1) "in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time, whether or not the employee actually works overtime in that workweek" or (2) "by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment."

Here, Defendants allowed Plaintiffs and the Aggrieved Employees to accumulate sick pay, but Plaintiffs and Aggrieved Employees were not permitted to use their sick pay and were not paid sick pay. SAC, ¶ 20 g. Based on the foregoing, Plaintiffs are entitled to recover penalties under PAGA. SAC, ¶ 27.

8. Failure to Provide Suitable Seating

IWC Wage Order No. 2-2001 section 14 requires Defendants to provide Plaintiffs and Aggrieved Employees with an adequate number of suitable seats placed in reasonable proximity to the work area and to permit Plaintiffs and Aggrieved Employees to use such seats when Plaintiffs and Aggrieved Employees are not engaged in active duties and when it does not interfere with the performance of their duties.

At all relevant times, Defendants failed to provide suitable seating to Plaintiffs and Aggrieved Employees, since it would not interfere with performance of their duties as Consultants. Based on the foregoing, Plaintiffs are entitled to recover penalties under PAGA. SAC, ¶ 27.

9. Failure to Allow Inspection of Personnel and Payroll Files

California Labor Code Section 1198.5 provides that an employer shall make an employee's personnel file available for inspection within 30 calendar days of receipt of written request therefor.

Here, Defendants failed to allow Plaintiffs and Aggrieved Employees to timely inspect their personnel and payroll files. SAC, ¶ 20 k. Based on the foregoing, Plaintiffs are entitled to recover penalties under PAGA. SAC, ¶ 27.

E. Defendants' Denial of Liability and Defenses

Defendants deny each and all of the allegations, claims, and contentions alleged by Plaintiffs. Lipeles Decl., ¶ 10. In addition to their general denial of Plaintiffs' claims, Defendants have asserted the following additional defenses.

First, Defendants contend that they maintained legally compliant timekeeping policies that were delineated in their Employee Handbook. Further, Defendants had a company policy against employees working off the clock. Defendants argued that in any event, it took employees less than one-minute to clock out and thus the time spent clocking out was *de minimus*. As a result, Defendants maintained that they paid employees all overtime and minimum wages owed. Lipeles Decl., ¶ 10.

Second, Defendants contend that they authorized and permitted employees to take meal/rest breaks. Defendants also maintained that those claims rely on individualized issues. *Id.*

Third, Defendants contend that no expense reimbursement is owed because they provided employees with personal cell phones and computer terminals. Further, employees were provided reimbursement for business expenses on request. *Id.*

Fourth, Defendants contend that their company policy was to provide seating to employees at all times. *Id.*

Fifth, Defendants maintained that their Employee Handbook contained a use it or lose it cap of 48 hours and that all sick pay less than that was paid on termination of employment. *Id.*

IV. SUMMARY OF THE PAGA SETTLEMENT TERMS

A. The Gross PAGA Settlement Amount

The Settlement Agreement requires Defendants to pay a Gross PAGA Settlement Amount ("GPSA") of One Hundred Twenty-Five Thousand Dollars and Zero Cents ($125,000.00).[4] In entering into the Settlement Agreement, Defendants have not made any admission of liability or wrongdoing, and instead the Parties have agreed to settle solely for the purpose of compromising highly disputed claims and avoiding further litigation.[5]

B. Funding of the Gross PAGA Settlement Amount

A single Fifteen Thousand Dollars ($15,000) payment was to be made within 90 days of the Parties signing the Settlement Agreement and it is to be held in trust by the agreed upon Administrator.[6] Within 30 calendar days of the Effective Date, Defendants will deliver the Aggrieved Employee Data to the Administrator.[7] After the Effective Date, Defendants will fund the Gross PAGA Settlement Amount by transmitting the funds to the Administrator in accordance with the following schedule:

Twenty-seven monthly payments of Four Thousand Dollars ($4,000) commencing within 15 days after the Effective Date and continuing on the 15th day of each month thereafter; and

A single final payment of Two Thousand Dollars ($2,000) to be made on the 15th day of the month.[8]

C. The PAGA Net Settlement Amount

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[4] S.A. ¶ 1.6.
[5] S.A., ¶ 10.1.
[6] S.A., ¶4.3.1.
[7] S.A., ¶ 4.2.
[8] S.A., ¶¶ 4.3 – 4.3.3.

The PAGA Net Settlement Amount ("PAGA NSA") is calculated by subtracting the following payments from the GPSA, subject to Court approval:

(a) "PAGA Counsel Fees Payment", amounting to no more than 35% of the GPSA, payable to Plaintiffs' counsel ("PAGA Counsel") which is currently estimated to be $43,750.00 (S.A., ¶¶ 1.14, 3.2.1.);

(b) "PAGA Counsel Litigation Expenses Payment", amounting to $13,559.95, payable to PAGA Counsel (S.A., ¶ 3.2.1.);

(c) "Administration Expenses Payment", amounting to no more than $6,500.00, except for a showing of good cause and as approved by the Court, payable to Phoenix Class Action Administration Solutions ("Administrator" or "Phoenix"), the neutral entity whom the Parties agreed to request the Court's approval to serve as administrator of the Settlement (S.A., ¶¶ 1.1, 3.2.3.); and

(d) Plaintiffs' Enhancement Payments amounting to no more than $2,500.00 to each Plaintiff ($5,000 total) (S.A., ¶ 3.2.2.).

After these deductions, the PAGA NSA will amount to approximately $56,190.05 (the "PAGA Penalties" payment).[9]

D. Distribution of the PAGA NSA

The PAGA NSA shall be distributed as follows: Sixty-five percent (65%) of the PAGA NSA ($36,523.53) will be paid to the LWDA ("LWDA PAGA Payment"), as required by Labor Code section 2699(i).[10] The remaining thirty-five percent (35%) of the PAGA NSA ($19,666.52) will be distributed to Aggrieved Employees (as their "Individual PAGA Payments"), using a distribution formula based on the number of Pay Periods each Aggrieved Employee worked during the PAGA Period as a percentage of the total number of Pay Periods all Aggrieved Employees worked during the PAGA Period.[11]

Within fifteen (15) days after Defendants fully fund the Gross PAGA Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the

[9] S.A., ¶¶ 1.19.
[10] S.A., ¶¶ 1.11, 3.2.4.
[11] S.A., ¶¶ 1.8, 3.2.4, 3.2.4.1.

Administration Expenses Payment, the Named Plaintiffs' Enhancement Payments, the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment.[12]

The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding addresses. 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.[13] The Settlement Administrator will only be required to re-mail checks once by way of this process.[14]

If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the NSA.[15]

The Administrator will report the Individual PAGA Payments on IRS-1099 Forms.[16] Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.[17]

The settlement checks issued to Aggrieved Employees will remain valid for one hundred eighty (180) days.[18] Thereafter, all uncashed checks will be void and 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.[19]

E. Releases

"Released Parties" are defined as "Defendants and each of its former and present parents, subsidiaries, divisions, affiliates and other entities, principals, members, managers, directors, officers, Heidi Shultz, executives, employees, agents, advisors, consultants, representatives, administrators, shareholders, partners, trusts, insurers, reinsurers, attorneys, accountants, and benefit plans, and their predecessors, heirs, beneficiaries, executors, successors, and assigns (whether or not acting within the scope of their duties), and all natural persons and other legal entities acting by, through, under, or in

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[12] S.A., ¶ 4.4.
[13] S.A., ¶4.4.2.
[14] *Id.*
[15] S.A., ¶ 3.2.3.
[16] S.A., ¶ 3.2.4.2.
[17] S.A., ¶3.2.4.2.
[18] S.A., ¶ 4.4.1.
[19] S.A., ¶¶ 4.4.1, 4.4.3.

concert with any of the foregoing."[20]

Per the Settlement Agreement, "[a]ll Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged" in Plaintiffs' SAC and the PAGA Notice.[21]

With respect to Plaintiffs, their Release applies to "their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors and assigns generally" who are deemed to release the Released Parties from "all claims, transactions or occurrences, including, but not limited to: all claims that were, or reasonably could have been, alleged, based on the facts contained in the SAC and the PAGA Notice ("Plaintiffs' Release").[22] Plaintiffs' Release includes an express waiver of rights and benefits pursuant to Civil Code section 1542.[23]

The "Released PAGA Claims" means and refers to all PAGA claims on behalf of Plaintiffs, the LWDA, and PAGA Employees that are alleged in the Action, or could have been alleged in the Action, including but not limited to wages for hours worked, salary, bonuses, commissions, overtime, holiday pay, sick, benefits, disability benefits, accrued paid time off, and including violations predicated upon the failure to properly pay all minimum wages, overtime wages, provide lawful meal periods or compensation in lieu thereof, authorize or permit lawful rest breaks or provide compensation in lieu thereof, provide accurate itemized wage statements, and timely pay all wages during employment and upon separation of employment, and for violation of California Labor Code §§ 201, 201.3, 202, 203, 204(a)-(b), 204, 210, 216, 218, 218.5, 223, 225.5, 226, 226.3, 226(a)-(e), 226.7, 227.3, 232.5, 233, 234, 245, 246, 247, 247.5, 248, 248.2, 248.5, 432, 432.5, 432.7, 510, 512, 558, 558.1, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1197.5, 1198, 1198.5, 1199, 1527, 17200, 2751, 2800, 2802, 2810.5, IWC Wage Order 2, § 3-9, during the Covered Period.[24]

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[20] S.A., ¶ 1.27.
[21] S.A., ¶ 5.2.
[22] S.A., ¶ 5.1.
[23] S.A., ¶ 5.1.1.
[24] S.A., ¶ 5.5.

V. DISCUSSION

A. Legal Standard for Approval of PAGA Settlement.

Labor Code section 2699(l) requires that the Court "review and approve any settlement of any civil PAGA action filed pursuant to this part. However, "[a] PAGA claim asserted on a non-class representative basis ... is not considered a class action but a law enforcement action" and therefore does not have to meet the requirements of a class action. *Arias v. Superior Court* (2009) 46 Cal.4th 969, 980-88 (affirming lower court's holding that "plaintiff need not satisfy class action requirements" to assert a PAGA claim). As such, a court's review of a PAGA settlement involves analysis of several unique features that render the approval process distinct from, and simpler than, the process for approval of a class action settlement. A court reviewing a PAGA settlement need only ensur[e] that a negotiated resolution is fair to those affected." *Williams v. Superior Court* (2017) 3 Cal.5th 531, 549 (citing Cal. Lab. Code § 2699(1)(2)).

In a PAGA case, the court's focus is not on the monetary amount which aggrieved employees or the State stand to receive, but instead, whether the total settlement amount achieves the PAGA's objectives. The purpose of the 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." *Arias*, 46 Cal. 4th at 986.

Here, the Settlement resulted from hard-fought negotiations, fulfills the objectives of the PAGA statute, is fair, adequate and reasonable, and meets all of the criteria for approval for the reasons discussed below.

B. The Settlement Warrants Approval.

1. The Settlement is Presumed Fair

A settlement that is "the product of extensive and hard-fought adversarial negotiations between the parties" is entitled to a presumption of fairness. *Wershba v. Apple Computer, Inc*. (2001) 91 Cal. App. 4th 224, 245. The Parties reached the proposed Settlement through arm's-length negotiations, with the assistance of an experienced and respected mediator, Henry J. Bongiovi, Esq., after a full-day mediation. Lipeles Decl. ¶ 9.

The Settlement is presumptively fair because: (1) it is the product of non-collusive, arm's-length negotiations that were overseen by an independent mediator knowledgeable in complex labor and employment matters; (2) it was negotiated by counsel with significant experience in similar complex labor and employment matters; and (3) it occurred after counsel for the Parties engaged in significant investigation to evaluate the strength and potential value of the PAGA claims, and the risks associated with litigating these claims through trial. Lipeles Decl. ¶¶8-10, 37-38.

After engaging in extensive informal discovery, the Parties participated in settlement negotiations to try to resolve the Action. These efforts included participating in formal mediation conducted by Henry J. Bongiovi, Esq., a well-respected mediator experienced in mediating complex labor and employment matters. During mediation, the Parties discussed all aspects of the case, including the risks and delays of further litigation, the risks to the Parties of proceeding with trial, as well as the law relating to representative PAGA actions, wage-and-hour enforcement, the evidence produced and analyzed, and the possibility of trial and appeals, among other things. During all settlement discussions, the Parties conducted their negotiations at arm's length in an adversarial position. Lastly, PAGA counsel have extensive experience handling representative and class action wage and hour litigation. Lipeles Decl. ¶¶ 37-38.

Based on all of the information available to the Parties and with the assistance of the experienced mediator, the Parties agree that this matter is well-suited for settlement given the strengths and weaknesses of the PAGA claims. As a result, the Settlement is presumed fair.

2. The Relative Strength of the PAGA Claims and the Range of Possible Outcomes in the Litigation Strongly Favor Approval of the Settlement

In order for Plaintiffs to prevail on the PAGA claims, PAGA Counsel would have to prove the underlying California Labor Code violations, demonstrate that Aggrieved Employees suffered, and demonstrate that Defendants' conduct gives rise to penalties. *See, e.g., Elliot v. Spherion Pac. Work, LLC* (C.D. Cal. 2008) 572 F. Supp. 2d 1169, 1181-82 ("Plaintiff's claim under [PAGA] is wholly dependent upon her other claims.").

Although wage-and-hour actions are amenable to resolution as to a group of employees, some courts have also found that, for various reasons, the issues raised by Plaintiffs raise individualized issues and/or are unmanageable and thus not suitable for adjudication as to a group of employees.

As stated above in Section II.E, Defendants maintained several defenses to Plaintiffs' theory of liability, which, if successfully argued and proven, had the potential to eliminate or substantially reduce recovery. While Plaintiffs disagree with Defendants' contentions and maintain that their PAGA claim has merit, in reaching the settlement, Plaintiffs and their counsel took into account the strengths and weaknesses of each side's position and the uncertainty of how the case might have concluded as litigation continued, at trial and/or appeals.

3. The Settlement Avoids Risky, Complex, and Lengthy Further Litigation

Courts favor the voluntary conciliation and settlement of complex litigation. *Aviation Data, Inc. v. American Express Travel Related Services Co., Inc*., 152 Cal. App. 4th 1522, 1539 (2007). Generally, “unless the settlement is clearly inadequate, its acceptance and approval are preferable to lengthy and expensive litigation with uncertain results.” 4 A Conte & H. Newberg, *Newberg on Class Actions*, § 11:50 at 155 (4th ed. 2002).

Both sides used the pre-mediation time period to investigate the veracity, strength, and scope of the PAGA claims. Prior to mediation, the Parties exchanged a volume of documents and data relevant to Plaintiffs' claims and Defendants' defenses thereto. Lipeles Decl., ¶ 8. Counsel for the Parties undertook significant investigation, and also invested time reviewing and analyzing relevant documents and data to evaluate Plaintiffs' claims, including, and not limited to, calculating the potential monetary recovery under PAGA.

Had the case not settled, the Parties would have conducted extensive formal discovery, including propounding written discovery requests and taking multiple depositions of party and percipient witnesses, to prepare the case for trial. From the inception of this litigation, Defendants indicated that they would aggressively litigate this case. Even if Defendants failed on their defenses, litigating a complex PAGA action is inherently expensive, and the litigation could continue beyond entry of judgment if either party were to appeal adverse rulings. Additionally, there is a real possibility that Plaintiffs would recover nothing, either for themselves or on behalf of the State of California or other Aggrieved Employees, after years of costly and labor-intensive litigation. Avoiding these risks and the likelihood of future contentious litigation, which would involve significant costs, favors settlement.

4. The Settlement Is Fair, Adequate, and Reasonable

The Settlement provides significant benefits to the State of California and the Aggrieved Employees and falls well-within the range of acceptable settlements under the circumstances. Under the Agreement, Defendants have agreed to pay a Gross PAGA Settlement Amount of $125,000.00, which encompasses the PAGA Penalties, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, the Administration Expenses Payment, and Enhancement Payments.

5. The PAGA Penalties to be paid are fair and reasonable.

The PAGA Penalties are currently estimated to be $56,190.05, of which an estimated $19,666.52 is to be distributed to Aggrieved Employees on a pro rata basis, based on the number of Pay Periods credited to each of them and $36,760.30 is to be distributed to the LWDA. There is no reason to doubt the fairness of the proposed plan of allocation of the PAGA Penalties as it fully complies with California Labor Code section 2699(i).

The $125,000.00 GPSA is fair and reasonable and therefore should be approved. Lipeles Decl., ¶ 15. The GPSA compares favorably to the total potential estimated amount of PAGA Penalties which Plaintiffs calculated as the maximum amount recoverable. *Id*. Specifically, Plaintiffs calculated the maximum PAGA penalties for the Aggrieved Employees at $604,300.00, a number that Defendants vigorously disputes for several reasons. *Id*. At the time of mediation, Plaintiffs assumed there were 6,043 PAGA Periods. Plaintiffs assumed a violation rate of 100% on all claims, except the meal break and minimum wage claims. On the meal break claim, Plaintiffs assumed a 30.33% violation rate. The violation rate on the minimum wage claim was 71.73%. The following table shows the PAGA penalties on the overtime claim only since based on Labor Code 2699(h)(3)(i), as amended, PAGA penalties cannot be stacked:

Number of Pay Periods in PAGA Period	6,043	
Number of Pay Periods in PAGA Period – Failure to Pay Overtime	6,043	
PAGA for Overtime	$604,300.00[25]	$100/$100
Total PAGA Penalties	$604,300.00	

The maximum PAGA penalties potentially available is not a realistic outcome of the litigation because it does not take into account Defendants' defenses. Lipeles Decl., ¶ 16. As stated above, Defendants contend, among other things, that Plaintiff and the Aggrieved Employees' alleged off-the clock work was *de minimus*. Defendants maintained that Plaintiffs and employees were never prevented from taking compliant meal/rest breaks and if they were, they were provided premium pay. Defendants asserted that the meal/rest break claims relied on individualized evidence. Further, Defendants provided Plaintiffs and Class Members with phones and computers. Thus, employees did not need to use their personal cell phones. Also, Defendants maintained that they have a reimbursement policy that provided for reimbursement on request. Defendants also stated that it was their policy to provide seating to employees at all times and pay sick pay on termination of employment. *Id*., ¶ 10.

Further, Plaintiff recognizes that PAGA penalties with respect to section 226 violations may not be awarded at all because the Labor Commissioner has specifically stated that the main purpose for assessing PAGA penalties by the LWDA is to enforce the Labor Code and obtain compliance. Specifically, with regard to assessing the adequacy of settlements, the penalties are administered to "promote PAGA's compliance and deterrence goals." *See* the Amicus Curiae Brief Submitted by the State Labor Commissioner in *Price v. Uber Technologies* (June 16, 2017) Case No. BC544512 (Los Angeles County Superior Court). According to the LWDA— the real party in interest in PAGA cases— since PAGA cases are essentially *qui tam* actions, any penalties that are obtained are irrelevant if Labor Code compliance is obtained. *Id*.

In order to recover any civil penalties, Plaintiffs would need to prove each and every aggrieved employee was subject to the alleged Labor Code violation, which would be difficult to do, since Defendants deny any liability or wrongdoing of any kind associated with the claims alleged in this

[25] $100 (per employee) * 6,043 (pay periods) = $604,300.

action. Lipeles Decl., ¶ 10.

Furthermore, Plaintiffs estimated $604,300.00 maximum penalty figure does not take into account any of Defendants' other potential legal defenses, including that courts have complete discretion to "award a lesser amount than the maximum civil penalty amount specified by PAGA if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory." Lab. Code § 2699(e)(2). Even when plaintiffs have prevailed at trial on PAGA claims, courts have routinely exercised their discretion to reduce significantly the amount of PAGA penalties awarded. *See Fleming v. Covidien, Inc*. (C.D. Cal. Aug. 12, 2011) 2011 WL 7563047, at *4 (reducing PAGA penalties by 82%). Further, the actual amount of PAGA penalties awarded by the Court is completely discretionary and the penalties are not subject to stacking under Labor Code § 2699(h)(3)(i), as amended.

Here, since penalties cannot be stacked, Plaintiffs calculated the maximum penalties in the action to be $604,300 (at the rate of $100 penalty for approximately 6,043 total pay periods at issue for approximately 624 Aggrieved Employees during the PAGA Period), Thus, the settlement represents approximately 21% percent of the maximum value of the potential unstacked PAGA penalties.

The proposed settlement shall be submitted to the agency at the same time that it is submitted to the court." Consequently, Plaintiffs respectfully ask the Court to approve the PAGA Settlement filed herewith. The LWDA has been served with a copy of this Motion and the Settlement Agreement through the online process as required by Labor Code section 2699(l), and therefore has notice of this PAGA Settlement and Motion. Lipeles Decl., ¶ 41, ex. 7. A true and correct copy of the confirmation received from the LWDA of the filing of the proposed PAGA Settlement through their online system is attached to Lipeles Decl. as Exhibit 6. *Id.* at ¶40.

Given Defendants' defenses to the alleged Labor Code violations at issue, and the risks and costs of continued litigation, Plaintiffs and PAGA Counsel believe that the GPSA is fair and reasonable. Lipeles Decl., ¶ 14. This Settlement was negotiated by experienced counsel at arm's length, who participated at the mediation with Henry J. Bongiovi, Esq., an experienced wage and hour mediator. Lipeles Decl., ¶¶ 8-10, 37-38. The LWDA has been provided notice of this Motion and the PAGA Settlement, and the decision of the LWDA to accept the PAGA Settlement and not oppose this Motion should be given considerable weight. Lipeles Decl., ¶ 41, Exhibit 7. Moreover, the LWDA is a sophisticated government entity that is capable of asserting, and preserving, its own rights. *Id.* at ¶13.

Here, the Parties have agreed to a GPSA of $125,000.00, with $36,523.53 going to the LWDA, and $19,666.52 to be divided pro rata among the 624 Aggrieved Employees. *Id.*, ¶20. As noted, no Aggrieved Employees' individual Labor Code claims are released by this PAGA settlement.[26]

Considering all of the facts in this case, Plaintiffs and their counsel have determined that the Settlement represents a fair, adequate, and reasonable resolution of the PAGA claims, and that it is in the best interests of the Aggrieved Employees and the State of California. Lipeles Dec., ¶¶ 14, 26.

6. The Experience and Views of PAGA Counsel Favor Approval of the Settlement

PAGA Counsel is highly experienced in complex representative and class action wage-and-hour litigation and have used that experience to achieve an excellent result for Plaintiffs, the State of California, and the Aggrieved Employees. Lipeles Dec., ¶¶ 26, 37-38. In the view of PAGA Counsel, the benefits conferred by the settlement are eminently fair and reasonable, and in the best interests of the State of California and the Aggrieved Employees in light of the risk, delay, and uncertainty of continued litigation and the substantial monetary benefits provided for by the Settlement.

Therefore, the Court should give considerable weight to the competency, experience, and opinion of counsel and the involvement of a neutral mediator in assuring that the settlement is a product of arm's length bargaining.

C. The Proposed PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment Requested Are Reasonable, Fair and Appropriate Under the Common Fund Doctrine and Should be Approved.

The attorneys' fees at 35% of the GPSA, $43,750, are fair and reasonable Lipeles Decl., ¶¶ 28-32.

The requested attorneys' fees award is commensurate with: (1) the risk that PAGA Counsel took in bringing and litigating this case, (2) the time, effort, and expense dedicated to the case, (3) the skill and determination that PAGA Counsel have shown, (4) the results that PAGA Counsel has achieved throughout the litigation, (5) the value that PAGA Counsel have achieved for Plaintiffs, the Aggrieved

[26] S.A., ¶ 5.2.

Employees, and the State of California, and (6) the other cases that PAGA Counsel have turned down in order to devote their time and effort to this matter.

PAGA Counsel is entitled to recover reasonable attorneys' fees and costs as a matter of right under PAGA. *See* Cal. Lab. Code § 2699(g)(1) ("Any employee who prevails in any [PAGA] action shall be entitled to an award of reasonable attorney's fees and costs"). PAGA Counsel is also entitled to fees and costs under California Code of Civil Procedure section 1021.5, as the instant PAGA action is by definition "for the benefit" of others and secures monetary recovery for a large number of Aggrieved Employees, as well as the State of California. *See Estrada v. FedEx Ground Package Sys*. Inc. (2007) 154 Cal. App. 4th 1, 16-17 (recognizing that recovery obtained on behalf of 209 individuals satisfies the "significant benefit," "public interest," and "large class of persons" requirements of Code of Civil Procedure section 1021.5, regardless of plaintiffs personal motivation). The settlement will also benefit the state labor agency in enforcing labor laws and educating "employers and employees about their rights and responsibilities under [the California Labor Code]." Cal. Lab. Code § 2699(i).

The propriety of calculating and awarding attorneys' fees as a percentage of a monetary fund that has, by litigation, been preserved or recovered for the benefit of others, has been confirmed by the California Supreme Court. *See Laffitte v. Robert Half Int'l, Inc.* (2016) 1 Cal.5th 480 at 486 & 506. While trial courts have discretion to apply either a lodestar method or percentage-of-the-fund method, the California Supreme Court has taken the position that trial courts also "retain the discretion to forgo a lodestar cross-check and use other means to evaluate the reasonableness of a requested percentage fee" and "[t]he percentage of fund method survives in California." *Id.* (internal quotes omitted).

PAGA Counsels' application for attorneys' fees in light of the facts and circumstances surrounding the case is well-within the range of reasonableness. The requested fees of up to 35% of the GPSA are also consistent with awards obtained in similar wage and hour cases granted approval by courts in California. *See e.g., Jones v. J.C. Penney Corporation*, Los Angeles Superior Court, Case No. BC451823 (April 20, 2017) (approving fee award from PAGA-only settlement of $1.375 million against a common fund of $3.2 million (42%); *Morales v. Southland Sod Farms Operations, Inc.,* No. 56-2017-00496912, 2018 WL 6928228, *2 (Cal. Super. Oct. 10, 2018) (granting final approval in a wage and hour action and awarding 35% in attorneys' fees); *Erickson v. Q.S.P., Inc.,* No. BC469830, 2013 WL

4369736, *5, (Cal. Super. July 9, 2013) (granting final approval in a wage and hour action and finding that 35% in attorneys' fees was reasonable); *Cabrera v. Advantage Sale & Marketing, LLC,* No. BC485259, 2013 WL 1182822, (Cal. Sup. Mar. 12, 2013) (granting final approval for failure to afford meal/rest breaks and awarding 35% in attorneys' fees).

Here, the lodestar analysis results in a negative functional multiplier sought of 48.4% of the actual total lodestar incurred. Lipeles Decl., ¶31.

Moreover, the actual PAGA Counsel Litigation Expenses Payment of $13,559.95, as provided by the Settlement Agreement, which is documented in the accompanying declaration of Plaintiffs' Counsel, is also fair and reasonable, and should, respectfully, be approved. Lipeles Decl., ¶ 28, Exhibit 5.

D. The Proposed Enhancement Payments to the Named Plaintiffs for Their Service to the Class Are Reasonable, Routinely Awarded, and Should be Approved.

Enhancement payments to plaintiffs are appropriate in representative litigation, including in PAGA cases. *Meza-Morales*, 2020 WL 9718888 *7 (PAGA-only case); *see also Bell v. Farmers Ins. Exch*., 115 Cal. App. 4th 715, 726 (2004) (upholding "service payments" to named plaintiffs for their efforts in bringing class case); Manual §21.62 n. 973 (noting service awards are warranted).

The California Court of Appeal has approved $10,000 incentive awards even when the recovery per class member was small to incentivize the filing of smaller value suits. *See e.g. Cellphone Termination Fee Cases*, 186 Cal. App. 4th 1381, 1394 (Cal. App. June 28, 2010) (affirming $10,000 incentive awards to each of four plaintiffs in class action where average recovery per class member was only $81 and finding "[a]n incentive award is appropriate 'if it is necessary to induce an individual to participate in the suit[.]'"); *Nakagaki v. Proven Staffing Consultants LLC*, San Diego County Superior Court, Case No. 37-2022-00026848-CU-OE-CTL (April 21, 2023) (approving $6,500 service award on $81,000 settlement where Court was persuaded of the need to properly incentivize class representatives in cases with small individual stakes).

The proposed Enhancement Payments are reasonable compensation given the time and effort Plaintiffs devoted to this case and the valuable assistance they provided to PAGA Counsel. At no time did Plaintiffs ever have a guarantee of any personal benefit as a result of this case and they exposed themselves to a substantial reputational risk. MD Decl., ¶12; MG Decl. ¶9.

The $2,500.00 Enhancement Payment to each Plaintiff ($5,000 total) is reasonable compensation given the time and effort exerted by Plaintiffs on behalf of the Aggrieved Employees and the LWDA. MD Decl., ¶¶ 5-11; MG Decl., ¶¶ 7-9. Plaintiffs have provided significant information; spent a significant amount of time searching for documents; have reviewed the PAGA Notice Letters, Complaint, and Mediation Brief; met with and communicated with their counsel extensively via phone and text messaging; provided information for and reviewed the pleadings; and participated remotely at the all-day mediation. Lipeles Decl., ¶ 35; MD Decl., ¶¶ 5-11; MG Decl., ¶¶ 7-9. Moreover, Plaintiffs were exposed to substantial risk, including, at the very least, reputational risk, and at most, significant financial risk, because had they lost, they could have been ordered to pay Defendants' costs. MD Decl., ¶ 12; MG Decl. ¶ 9. As a result, the Court should grant the requested Enhancement Payments.

E. The Administration Costs Are Fair and Reasonable

The total costs of administrating the notice and settlement process are $6,500. Lipeles Decl., ¶43. Such costs include expenses for calculating the monies to be made available to each Aggrieved Employee; mailing the notices; researching and updating addresses through skip-traces and similar means; answering questions from Aggrieved Employees; reporting on the status of the Settlement to the Aggrieved Employees; providing the Aggrieved Employees with data regarding the calculation of distributions; establishing and maintaining a Qualified Settlement Fund for purposes of distributing settlement checks and distributions of attorneys' fees, costs, and Enhancement Payments; calculating tax obligations; handling reporting obligations, including processing 1099s; and performing other related tasks. The Court should approve payment to the Administrator in the amount of $6,500.

VI. CONCLUSION

Based on the foregoing, Plaintiffs respectfully request that the Court approve the proposed PAGA Settlement.

Dated: February 18, 2026

LIPELES LAW GROUP, APC

By: ______________________________

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