ARCH LEGAL, P.C.
Graham S.P. Hollis (SBN 120577)
ghollis@archlegal.com
Hali Anderson (SBN 261816)
handerson@archlegal.com
Ommar Chavez (SBN 331508)
ochavez@archlegal.com
3555 Fifth Avenue Suite 200
San Diego, California 92103
Telephone: 619.692.0800
Facsimile: 619.692.0822

Attorneys for Plaintiff Oscar Serna

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

OSCAR SERNA, individually and on behalf of the State of California, the general public and all Aggrieved Employees,

Plaintiff,

v.

ARENA STUART RENTALS, INC., a Delaware Corporation; and DOES 1 through 50, inclusive,

Defendants.

Case No.: 24CV450809

REPRESENTATIVE ACTION

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT AND REQUEST FOR AWARD OF ATTORNEYS' FEES, COSTS, AND SETTLEMENT ADMINISTRATION EXPENSES

Date: September 15, 2026
Time: 9:00 a.m.
Conf #: HH0X6HM4
Dept: 10
Judge: Hon. Frederick S. Chung

[Filed concurrently herewith the Notice of Motion, the Declarations of Hali M. Anderson, Oscar Serna, and Jodey Lawrence; and [Proposed] Order and Judgment]

Complaint Filed: November 1, 2024
Trial Date: None set

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Oscar Serna ("Plaintiff") seeks approval of the parties' PAGA Settlement Agreement ("Settlement" or "Settlement Agreement"),[1] which provides for Defendant Arena Stuart Rentals, Inc. ("Stuart" or "Defendant") to fund a non-reversionary Gross Settlement Amount of $200,000 on behalf of approximately 137 current and former employees of Defendant in the state of California employed during the PAGA Period. The Court should approve the Settlement because it is fundamentally fair and reasonable. The Settlement resolves disputed representative wage and hour claims under the California Labor Code's Private Attorneys General Act of 2004 ("PAGA").[2] At all times, the negotiations leading to the Settlement were hard-fought and conducted at arm's-length between attorneys who are highly experienced in wage and hour litigation, and they ultimately reached a resolution shortly after mediation with an experienced mediator.

Under the terms of the Settlement, the Gross Settlement Amount of $200,000 will be distributed as follows:

- PAGA Penalties Payment to the Aggrieved employees in the amount of $70,000 (35% of the Gross Settlement Amount)
- LWDA PAGA Payment to the LWDA of $130,000 (65% of the Gross Settlement Amount) less the following deductions:
    - Settlement administration fees in an amount not to exceed $4,000 to Phoenix Settlement Administrators;
    - Attorneys' fees to ARCH Legal, P.C. in the amount of $66,666.67 (one third of the Gross Settlement Amount); and

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[1] To the extent the terms used in this Motion are defined in the PAGA Settlement Agreement, the defined terms contained herein shall have the same meaning as set forth in the Agreement.

[2] In addition to the Gross PAGA Settlement Amount, Defendant has agreed to separately settle Plaintiff's individual claims pursuant to a separate confidential individual settlement agreement. (Settlement Agreement, ¶¶ 2.3, 5.1.) Plaintiff's respective individual claims were not at issue in this Action and exist independent and apart from the PAGA claims at issue before the Court. *See Kim v. Reins Int'l Cal., Inc.,* 9 Cal.5th 73, 80 (2020) (the "[s]ettlement of individual claims does not strip an aggrieved employee of standing, as the state's authorized representative, to pursue PAGA remedies" nor resolve the PAGA claims.). Plaintiff's individual claims were pled in a separate arbitration action.

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- Litigation costs to ARCH Legal, P.C. in the amount of $7,598.30.

As fully set forth below, the Settlement is fair and reasonable and was reached after over a year of litigation, and ultimately a full-day mediation with Hon. Timothy Casserly, Ret., a highly experienced and well-respected mediator. The terms of the Settlement are fair and reasonable based on the disputed merit of the PAGA claims, the range of possible outcomes in the litigation, the risk, expense, complexity of further litigation, and the experience and views of counsel. Accordingly, Plaintiff respectfully requests that the Court approve the Settlement.

II. PROCEDURAL AND FACTUAL BACKGROUND

A. Plaintiff's Allegations

This Settlement involves the claims of approximately 137 current and former employees of Defendant who were employed by Defendant during the PAGA Period. (Settlement Agreement, ¶ 1.5.) The PAGA Period is defined as the period from August 28, 2023, through October 21, 2025. (*Id.*, ¶ 1.18.)

Plaintiff was employed by, or otherwise performed work for, Stuart from about January 4, 2023 through and including November 7, 2023. As an Order Selector, Plaintiff was responsible for retrieving orders placed by customers and staging and loading the items ordered for delivery drivers. Drivers would then deliver those items to the event sites for customers. Plaintiff was also responsible for assisting clients arriving in person at Stuart's Milpitas location to pick up and transport rental items themselves, among other things. At all times during his employment, Plaintiff was classified by Defendants as a non-exempt employee, earned an hourly wage of $21.25 per hour, and was paid on a bi-weekly basis.

Plaintiff alleges that Stuart employed numerous non-exempt, hourly workers throughout California who were subject to the same unlawful wage and hour practices. Specifically, Plaintiff alleges that Stuart systematically failed to comply with the California Labor Code and applicable Wage Orders by denying Plaintiff and other Aggrieved Employees legally compliant meal and rest breaks, failing to pay all minimum, regular, and overtime wages, and failing to reimburse employees for necessary business expenses incurred while performing their job duties. Plaintiff alleges that he and the Aggrieved Employees were required to work through meal periods, take shortened or interrupted breaks, and use personal cell phones for work-related tasks without reimbursement.

Plaintiff further claims that Stuart failed to provide accurate, itemized wage statements and to

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maintain proper payroll records, as required by law. Upon separation of employment, Stuart allegedly did not timely pay all wages owed, including premium pay for missed breaks and overtime, and did not provide waiting-time penalties for delayed final wages. As a result, Plaintiff asserts PAGA and related claims on behalf of himself and other Aggrieved Employees based on these systemic labor code violations.

Around October 4, 2023, Plaintiff injured his back while moving large tables. (Declaration of Oscar Serna "Serna Decl." ¶ 8). On November 7, 2023, Defendant fired Plaintiff, informing Plaintiff they fired him because he positive for cannabis 13 days after his injury. (Serna Decl. ¶ 9).

On July 8, 2024, Plaintiff notified the California Labor and Workforce Development Agency ("LWDA") and Defendant of his intent to assert the rights granted to him under PAGA. (Anderson Decl. ¶ 10).

On October 16, 2024, Plaintiff submitted a First Amended Notice to the LWDA. (Anderson Decl. ¶ 11). On October 31, 2024, Plaintiff submitted a Second Amended Notice, to add further factual support and additional violations. (Anderson Decl. ¶ 12).

On November 1, 2024, Plaintiff filed a representative action against Defendant in this Court. (Anderson Decl. ¶ 13). The Operative Complaint alleges a single representative cause of action seeking PAGA penalties for the following Labor Code violations:

- **Failure to Provide Compliant Meal and Rest Periods:** Stuart failed to provide employees with legally compliant, off-duty meal and rest periods, and failed to pay the required one-hour premium pay for each non-compliant break in violation of Labor Code §§ 226.7 and 512;

- **Failure to Reimburse Necessary Business Expenses:** Stuart failed to reimburse necessary business expenses by requiring employees to use their personal cellular phones for work-related duties in violation of Labor Code § 2802;

- **Failure to Provide Accurate Itemized Wage Statements:** Stuart failed to issue wage statements that accurately report, among other things, total hours worked, all applicable hourly rates, and gross and net wages earned, in violation of Labor Code § 226;

- **Failure to Maintain Accurate Records:** Stuart failed to keep accurate time and payroll records that reflect all hours worked by employees, in violation of Labor Code § 1174;

- **Failure to Timely Pay All Final Wages:** Stuart failed to timely pay all wages due upon separation to terminated employees, including Plaintiff, subjecting Defendant to waiting time penalties under Labor Code §§ 201-203;

- **Unlawful Mandatory Direct Deposit:** Stuart unlawfully required employees to enroll in direct deposit as a condition of employment and paid final wages via direct deposit without obtaining separate, post-termination authorization, in violation of Labor Code § 213; and

- **Retaliation:** Stuart retaliated against Plaintiff and other employees by demanding that aggrieved employees submit to illegal drug test with the intent to penalize employees for workplace injuries in violation of Labor Code §§ 98.6, 6310.

(Anderson Decl. ¶ 13).

B. Defendant's Position

Defendant vehemently denies any liability and wrongdoing of any kind associated with the claims alleged in this Action. (Anderson Decl. ¶ 14). Defendant asserts that it maintains legally compliant meal period, rest break, timekeeping, and compensation practices, which are communicated to non-exempt employees throughout their employment. Analysis of the time data produced informally showed (1) a meal period violation rate of approximately 2 percent, and (2) that Defendant regularly paid meal period premiums. Thus, according to Defendant, any claims of unlawful practices will necessarily turn on the individualized experiences of Plaintiff and the aggrieved employees he seeks to represent. (*Id.*)

As for the direct deposit claim, Defendant denies that it compelled employees to use direct deposit. During the PAGA period, Defendant offered employees an option to be paid by direct deposit or prepaid card through Defendant's payroll provider. The card is voluntary, cash based, available immediately, there are no associated withdrawal fees, and requires no employee bank account. Dozens of employees opted to be paid via prepaid card during the PAGA period. (Anderson Decl. ¶ 15).

As for the failure to reimburse necessary business expenses, specifically cell phone expenses, Defendant contends that it maintained a complaint written policy and practices. (Anderson Decl. ¶ 16). Only a subset of employees are required to use a cell phone for business purposes, and for those employees Defendant provided them either (1) a work phone for all work-related communications, or (2) cell phone reimbursement as part of their paycheck. (*Id.*)

Finally, Defendant asserts that Plaintiff's retaliation claim premised on alleged illegal drug testing is meritless. Employees expressly agree to drug testing "whenever a question arises concerning [his] performance on the job or [his] behavior on the company's premises" and acknowledge that "random drug testing is permitted for employees in safety sensitive positions." Plaintiff's position—and the majority of

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non-exempt positions—are safety sensitive because they include lifting heavy items and operating heavy machinery. (Anderson Decl. ¶ 17). *See Smith v. Fresno Irrigation Dist.*, 72 Cal. App. 4th 147, 160 (1999). California courts permit drug testing without individualized suspicion when the employee is in a safety sensitive position and/or when the employee does not have a reasonable expectation of privacy, e.g., when the employee has consented to drug testing. *See Smith*, 72 Cal. App. 4th at 160 ("a drug test of an existing employee without any individualized suspicion is unreasonable unless the employee is in a safety- or security-sensitive position"); *Kraslawsky v. Upper Deck Co.*, 56 Cal. App. 4th 179, 186-87 (1997) ("[T]he primary focus of a state constitutional privacy claim in the employee drug testing context is a reasonableness balancing test—balancing the drug test's intrusion on the reasonable expectations of the employee against the drug test's promotion of the employer's legitimate interests."); *Shepherd v. Kohl's Dep't Stores, Inc.*, 2016 WL 4126705, at *7 (E.D. Cal. Aug. 2, 2016) (post-accident drug testing did not violate employee's privacy rights because he did not have a reasonable expectation of privacy. The employer's policy permitted post-accident drug testing and employee had signed several forms during his employment acknowledging that he could be drug tested).

For those reasons, among others, Defendant contends that it provided legally compliant meal and rest periods; paid all minimum, regular, and overtime wages; consistently maintained accurate records; consistently provided accurate itemized wage statements; paid all wages in a timely manner, including at the time of separation of employment; did not retaliate against Plaintiff; and did not compel employees to use direct deposit. Defendant maintains that it did not engage in any Labor Code violations and that Plaintiff will not be able to demonstrate liability under PAGA. (Anderson Decl. ¶ 18).

C. Case History and Discovery

The parties stipulated to stay this action pending arbitration on December 11, 2024, and the Court the same day ordered the entire case stayed pending the completion of arbitration of Plaintiff's individual claims against Defendant. (Anderson Decl. ¶ 19).

Plaintiff submitted his demand for arbitration with JAMs on December 18, 2024. (Anderson Decl. ¶ 20).

In April 2025, the parties agreed to mediate Plaintiff's individual and representative PAGA claims. (Anderson Decl. ¶ 21). After the parties agreed to attend mediation, Defendant informally produced copies of its employee handbook, other relevant written policies, job descriptions, Plaintiff's personnel file, and a sampling of time and pay data relevant to the PAGA period for over 1/3 of the Aggrieved Employees. (Anderson Decl. ¶ 22). Plaintiff relied upon the documents produced to make a detailed assessment of the strengths and weaknesses of Plaintiff's claims, as well as Defendant's potential liability. (Anderson Decl. ¶ 23).

On October 21, 2025, the parties attended a full-day mediation with well-respected and experienced mediator, Hon. Timothy Casserly, Ret. (Anderson Decl. ¶ 25). The parties engaged in good-faith, non-collusive negotiations throughout the mediation, discussing the realistic exposure to Defendant, as well as the strengths and weaknesses of Plaintiff's claims. *Id*. The parties reached a settlement at mediation. (Anderson Decl. ¶ 26). Over the course of the following month, the parties negotiated and finalized the terms of the Settlement Agreement. *Id*.

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III. SUMMARY OF SETTLEMENT

The Settlement Agreement provides substantial financial consideration in exchange for releasing the PAGA claims asserted in the Action. The consideration is fair and reasonable in light of the potential liabilities and risks of litigation. (Anderson Decl. ¶¶ 27-28). The released claims have been narrowly tailored to ensure the settlement covers the claims alleged and is not unduly expansive. The parties' agreed upon procedure for distributing the settlement funds will ensure efficient distribution to the Aggrieved Employees and the State of California. (*Id.*)

A. Monetary Terms

The Gross Settlement Amount is $200,000. (Settlement Agreement, ¶ 3.1). Under the terms of the Settlement, $70,000 will be disbursed to the Aggrieved Employees (35% of the Gross Settlement Amount) *Id.*, ¶ 3.2.4. The remaining 65% ($130,000) will be paid to the LWDA, less the following amounts: $66,666.66 (one-third of the Gross Settlement Amount) to Plaintiff's Counsel for attorneys' fees; $7,598.30 to Plaintiff's Counsel for costs; and $4,000 to Phoenix Settlement Administrators ("Phoenix") for the Administration Expenses Payment. *Id.*, ¶¶ 3.2.1-3.2.3. The amount estimated to be paid to the LWDA is currently $51,753.04. On average, each Aggrieved Employee will receive approximately $510.95.

B. Distribution Procedure

The parties have agreed to use Phoenix to administer the distribution of funds from the Settlement. (Settlement Agreement, ¶ 7.1). Within 10 days of the Effective Date, Defendant will provide the Administrator with a list of all Aggrieved Employees, with each listed employee's full name, last known mailing address, Social Security number, and number of PAGA pay periods. *Id.*, ¶¶ 1.5, 4.2. Before mailing any checks, the Administrator must update the Aggrieved Employees' mailing addresses using the National Change of Address Database. *Id.*, ¶¶ 1.6, 4.4.1. Within 14 days of the Effective Date, Defendant shall fully fund the Gross Settlement Amount via transmittal to the Administrator. *Id.*, ¶ 4.3. Within 14 days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, and Plaintiff's Counsel's attorneys' fees and costs. *Id.*, ¶ 4.4. Additionally, the Administrator will skip-trace any returned mail and re-mail within five calendar days. *Id.*, ¶ 4.4.2. The Individual PAGA Payments will be valid for a period of 180 days, after which time any unclaimed funds will be directed to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee. *Id.*, ¶ 4.4.3.

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C. PAGA Released Claims

The Settlement Agreement provides that all Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the (1) Failing to provide legally compliant meal periods and/or timely pay premium wages for non-compliant meal periods during employment; (2) Failing to provide legally compliant rest periods and/or timely pay premium wages for non-compliant rest periods during employment; (3) Failing to reimburse necessary business expenses; (4) Failing to furnish accurate itemized wage statements; (5) Failing to maintain accurate employment records; (6) Failing to timely pay all wages due and owing at the time of separation of employment and/or the required waiting time penalties; (7) Unlawful mandatory direct deposit; and (8) Retaliation under Labor Code section 98.6. (Settlement Agreement, ¶ 5.2). The Released Parties are the officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, and assigns (specifically including but not limited to Arena Event Services, Inc., Stuart Event Resources, Inc., and AES Americas Ltd.).

IV. THE PAGA SETTLEMENT SHOULD BE APPROVED

Pursuant to Labor Code section 2699(l)(2), the settlement of a civil action brought under PAGA must be submitted to the LWDA and must be approved by the trial court. Where a settlement purports to resolve PAGA claims, courts must examine the settlement as a whole and the amount allocated to PAGA, including the amount distributed to the LWDA. *O'Connor v. Uber Techs, Inc.,* 201 F.Supp.3d 1110, 1134-35 (2016). To warrant approval, a PAGA settlement must be fair, adequate, and reasonable. *Id.*

To determine whether a settlement is fair, adequate, and reasonable, a court must be provided with "basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise." *See Clark v. American Residential Services LLC,* 175 Cal. App. 4th 785, 799 (2009)). In the class action context, the trial court must exercise its discretion through the application of several well-recognized factors when deciding whether the settlement is fair. *Id.* In determining whether a PAGA settlement is fair, a court may refer to the well-developed settlement standards courts consider in class actions. *See Moniz v. Adecco USA, Inc.,* 72 Cal. App. 5th 56, 77 (2021).

The list of factors, which "is not exhaustive and should be tailored to each case," includes "the strength of plaintiff's case, the risk, expense, complexity and likely duration of further litigation . . . the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the [represented] members to the proposed settlement." *Kullar v. Foot Locker Retail, Inc.* 168 Cal. App. 4th 116, 128 (2008) (quoting *Dunk v. Ford Motor Co.,* 48 Cal. App. 4th 1794, 1801 (1996)). The most important factor the trial court should consider in determining whether to approve a settlement is the strength of the case for plaintiff on the merits, balanced against the amount offered in settlement. *See Munoz v. BCI Coca-Cola Bottling Co. of Los Angeles,* 186 Cal. App. 4th 399, 407-408 (2010); *Kullar*, 168 Cal. App. 4th at 130. In sum, the trial court must determine that the settlement was not the product of fraud, overreaching or collusion, and that the settlement is fair, reasonable, and adequate. *See Nordstrom Com'n Cases,* 186 Cal. App. 4th 576, 581 (2010).

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A. The Settlement is the Result of Non-Collusive, Arm's-Length, and Informed Negotiations

California courts recognize that a "presumption of fairness exists where (1) the settlement is reached through arm's-length bargaining; (2) sufficient investigation allows counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is small." *Dunk*, 48 Cal.App.4th at 1802. Here, the Settlement objectively meets all four requirements, and this Court should undoubtedly give considerable weight to the competency and integrity of the parties' respective counsel, who are experienced in wage and hour class action litigation and reached the settlement through arm's-length negotiations without self-dealing or other misconduct. *Kullar*, 168 Cal. App. 4th at 129.

1. The Settlement is the Product of Arm's-Length Negotiations

"[W]hat transpires in settlement negotiations is highly relevant to the assessment of a proposed settlement's fairness." *State v. Levi Strauss & Co.,* 41 Cal. 3d 460, 482 (1986). Courts presume the absence of fraud or collusion in the negotiation of a settlement unless evidence to the contrary is offered. In short, there is a presumption that the negotiations were conducted in good faith. William B. Rubenstein, et al., *Newberg on Class Actions* section 13:45 (5th ed. 2011-2017).

Here, there can be no doubt as to the fairness of the settlement as the parties did not engage in settlement negotiations until they possessed sufficient information and documents to conduct a comprehensive review and analysis of the facts and legal issues raised by the action to make an informed decision. (Anderson Decl. ¶¶ 23-24). At all times, the negotiations were conducted with an experienced and well-respected wage and hour mediator. (Anderson Decl. ¶¶ 25-26).

In reaching the settlement, Plaintiff's Counsel considered relevant factors such as the information and documents obtained in formal and informal discovery, Defendant's projected liability, the expense of continued litigation, the inherent risks in litigating complex representative actions, particularly given the dependent nature of an employee's retained standing to pursue representative claims on the outcome of an individual arbitration, and the potential for appeals. (Anderson Decl. ¶¶ 32-35). Based on Plaintiff's Counsel's experience, this settlement represents a favorable resolution without the further expense and uncertainty of continued litigation, while at the same time maintaining the enforcement purpose behind the PAGA statute. (*Id.*)

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2. The Settlement is the Product of Informed Investigation and Discovery

There is a presumption that a proposed settlement is fair and reasonable when there has been sufficient investigation and discovery to permit counsel and the court to act intelligently, and counsel are experienced in similar litigation. *See Dunk*, 48 Cal. App. 4th at 1802. Here, the parties conducted a lengthy and thorough investigation into the merits of Plaintiff's claims prior to attending mediation and ultimately settling this case. (Anderson Decl. ¶¶ 22-24). Plaintiff's Counsel's investigation included the exchange of extensive informal discovery, in which Defendant produced written policies and procedures, a time and pay record sampling, and relevant correspondence. (*Id*.) Plaintiff's Counsel undoubtedly obtained sufficient information to adequately evaluate the merits of the claims asserted and Defendant's maximum potential liability. Therefore, this Court can and should presume the fairness of the proposed settlement.

3. Plaintiff's Counsel is Highly Experienced in Similar Litigation

Throughout this litigation, Plaintiff has been represented by well-qualified counsel who have years of experience in wage and hour litigation. (Anderson Decl. ¶¶ 36-39, Ex. 3). To date, Plaintiff's Counsel has handled well over 150 class, collective, and representative action cases. (*Id*.) Plaintiff's Counsel relied on their extensive experience while negotiating the settlement. (Anderson Decl. ¶ 40). As discussed above, the settlement negotiations were conducted with consideration of the strength of the case versus the amount offered in settlement; the risk, expense, complexity, and likely duration of further litigation; the present state of the law as it applies to the claims asserted; and the burdens of proof necessary to establish liability against Defendant. (Anderson Decl. ¶¶ 31-32, 34). Although the recommendations of counsel proposing the settlement are not conclusive, courts can properly consider the recommendations, particularly if counsel has been involved in litigation for some period of time, appear to be competent, have experience with this type of litigation, and significant discovery has been completed. (*Newberg on Class Actions* § 13:53 (5th ed. 2011-2017).)

The Court should presume the proposed settlement is fair because it was the result of arm's-length negotiations, sufficient investigation and discovery, and the experience of Plaintiff's Counsel.

B. The Settlement is Fair, Reasonable, and Adequate in Light of the Significant Risks and Expense of Further Litigation

To determine whether a representative settlement is fair, adequate and reasonable, courts must

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have "basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise." *Kullar*, 168 Cal. App. 4th at 133; *Clark*, 175 Cal. App. 4th at 799.) A settlement is not judged against what might have been recovered had a plaintiff prevailed at trial, nor does the settlement have to provide 100-percent of the damages sought to be fair and reasonable. *Wershba v. Apple Computer, Inc.,* 91 Cal. App. 4th 224, 246, 250 (2001).

Here, the settlement results in a substantial benefit to the Aggrieved Employees, the State of California, and the general public because it achieves the enforcement objectives of PAGA, while providing compensatory relief to the Aggrieved Employees and the State. (Anderson Decl. ¶ 31; Serna Decl. ¶¶ 24, 26). In reaching this settlement, Plaintiff's Counsel carefully considered the strength of the case versus the amount offered in settlement and the risk, expense, and complexity of the case. (Anderson Decl. ¶ 28; Serna Decl. ¶ 24).

While Plaintiff believes his claims are meritorious and would have prevailed had the issues gone to trial, Plaintiff also acknowledges that Defendant possesses legitimate defenses, including to liability, manageability, and the stacking of civil penalties. (Anderson Decl. ¶ 29; Serna Decl. ¶ 24). Additionally, Defendant has consistently denied all material allegations in the operative complaint and denied that it violated any laws or is liable for any civil penalties and alleged it has substantial evidence to support its defenses, which could also create additional challenges for establishing liability and managing the action. (Anderson Decl. ¶30).

Plaintiff also acknowledges that even if he was successful, continued litigation would likely result in additional attorneys' fees and costs, as Defendant would undoubtedly appeal any judgment in Plaintiff's favor. (Anderson Decl. ¶¶ 33-34; Serna Decl. ¶ 24). Moreover, continued litigation would result in a substantial delay of any recovery to the Aggrieved Employees and the State of California. (Anderson Decl. ¶ 33; Serna Decl. ¶¶ 24, 26). Given the risks, expenses, and delays associated with further litigation, the Gross Settlement Amount of $200,000 is an excellent result for the approximately 137 Aggrieved Employees. (*Id.*)

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C. The Court's Ability to Reduce the Maximum Potential Civil Penalties Justifies Approval of the Settlement

Plaintiff's Counsel estimated Defendant's maximum potential liability for civil penalties to be $2,140,650.00. (Anderson Decl. ¶ 28). This assessment assumed that Plaintiff would prevail on all theories at trial and recover all penalties sought. Thus, Defendant's alleged maximum potential liability of civil penalties is premised on an "everything goes right" scenario. (*Id.*)

Although the $200,000 Gross Settlement Amount accounts for approximately 9.4% of Defendant's maximum potential exposure in this case and thus represents a significant discount on Defendant's potential liability, this reduction represents an extremely reasonable compromise considering the substantial and significant risks Plaintiff faced in this litigation. (Anderson Decl. ¶¶ 29, 31). As explained above, Defendant has legitimate defenses on the merits to Plaintiff's claims. (Anderson Decl. ¶ 30). These risks are obviated by the proposed settlement, which strikes a balance between providing monetary relief to the State and the members of the Aggrieved Employees, while still penalizing Defendant for the violations alleged.

Further, even in the event of Plaintiff's success at trial, Defendant would likely argue that any civil penalties awarded should be reduced because they are unjust, arbitrary, oppressive, or confiscatory. As Defendant likely has sufficient defenses limiting Plaintiff's ability to recover at least some of the civil penalties sought, there is a significant likelihood that the Court would exercise its discretion to reduce any recovery under Labor Code § 2699(e)(2). Given this additional risk, the settlement on the terms outlined in the Settlement Agreement justifies approval of the proposed settlement.

D. The Distribution of the Settlement is Reasonable

The Settlement provides that Defendant will pay a non-reversionary Gross Settlement Amount of $200,000. (Settlement Agreement, ¶ 3.1.) The Gross Settlement Amount will fund: (a) payment to the Aggrieved Employees; (b) payment to the LWDA; (c) an award of Plaintiff's Counsel Fees Payment to Plaintiff's Counsel; (d) an award of Plaintiff's Counsel Litigation Expenses Payment to Plaintiff's Counsel; and (e) Administration Expenses Payment. (*Id.*)

The following chart reflects the estimated payments from the Gross Settlement Amount:

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Gross Settlement Amount	$200,000.00
PAGA Penalties Payment to Aggrieved Employees	$70,000.00
LWDA PAGA Payment ($130,000) less the following: • Administration Expenses Payment • Plaintiff' Counsel Fees Payment • Plaintiff' Counsel Litigation Expenses Payment	$130,000.00 ($4,000.00) ($66,666.66) ($7,598.30) ---------------------------- = $51,753.04

It is estimated that the LWDA will receive $51,753.04 and the Aggrieved Employees will receive $70,000. The $70,000 will be allocated to each Aggrieved Employee based on his or her proportionate share of Pay Periods Worked during the PAGA Period. (Settlement Agreement, ¶ 3.2.4.1.) The Settlement Administrator is to ensure proper distribution of payments within an aggregate 28 calendar days of the Court's entry of an order and judgment approving the settlement and dismissing this action with prejudice (14 days for Defendant to fund the gross settlement, and 14 days for the administrator to mail the checks). *Id*., at ¶¶ 4.3-4.4. All Individual PAGA Payments will be valid for a period of 180 days, after which any unclaimed funds will be directed to the California State Controller Unclaimed Property Fund to be held in the name of the Aggrieved Employees member. *Id*., at ¶¶ 4.4.1, 4.4.3.

The California Supreme Court has explained that a judgment in "a representative action brought by an aggrieved employee under the Labor Code Private Attorneys General Act of 2004 . . . is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding," *Arias v. Superior Ct.,* 46 Cal. 4th 969, 985-986 (2009). In accordance with this rule, all Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices, including claims for: (1) Failing to provide legally compliant meal periods and/or timely pay premium wages for non-compliant meal periods during employment; (2) Failing to provide legally compliant rest periods and/or timely pay premium wages for non-compliant rest periods during employment; (3) Failing to reimburse necessary business expenses; (4) Failing to furnish accurate itemized wage statements; (5) Failing to maintain accurate employment records; (6) Failing to timely pay all wages due and owing at the time of separation of employment and/or the required waiting time penalties; (7) Unlawful mandatory direct deposit; and (8) Retaliation under Labor Code section 98.6. (Settlement Agreement, ¶ 5.2.)

E. Plaintiff Submitted the Settlement Agreement to the LWDA

In 2016, the Labor Code was amended to require the Court to review and approve any settlement of a civil action brought pursuant to PAGA. (Labor Code § 2699(l)(2).) The amendment also requires that the "proposed settlement [] be submitted to the agency at the same time that it is submitted to the court." (*Id*.)

In accordance with the Private Attorneys General Act of 2004 ("PAGA"), my office submitted the Settlement Agreement to the California Labor and Workforce Development Agency ("LWDA") and the Notice of Motion, and Memorandum of Points and Authorities to the LWDA on February 26, 2026. (Anderson Decl., ¶ 4, Ex. 2.) Therefore, the LWDA has had the opportunity to review the Settlement and advise the parties or the Court of any objections. To date, the LWDA has not indicated any objection to the Settlement. As such, the Court should approve the Settlement.

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

Pursuant to section 2699(g)(1) of the Labor Code, "[a]ny employee who prevails in a PAGA action shall be entitled to an award of reasonable attorney's fees and costs." Accordingly, Plaintiff's Counsel requests that this Court approve an award of attorneys' fees award in the amount of $66,666.66, or one third of the Gross Settlement Amount, as well as the reimbursement of actual litigation costs of $7,598.30 (Anderson Decl. ¶ 37). As discussed below, these awards are not only recoverable under the common fund theory and lodestar approach but also are within the range of awards granted in similar cases.

A. Plaintiff's Counsel's Fees Are Supported Under the Common Fund Theory

In a PAGA action, which is a type of *qui tam* action, reasonable attorneys' fees are typically awarded under the common fund theory where, as here, the litigation creates a common fund of a specific amount for the benefit of others. *Iskanian v. CLS Transp. L.A., LLC,* 59 Cal. 4th 348, 382 (2014). When a common fund is created, attorneys who secured the fund are entitled to a percentage of the fund. *See Laffitte v. Robert Half Int'l, Inc.,* 1 Cal. 5th 480, 503 (2016) ("[T]he court may determine the amount of a reasonable fee by choosing an appropriate percentage of the fund created."). The bases of the common fund doctrine are:

ARCH LEGAL, P.C.
3555 FIFTH AVENUE SUITE 200
SAN DIEGO, CALIFORNIA 92103

> Fairness to the successful litigant, who might otherwise receive no benefit because his recovery might be consumed by the expenses; correlative prevention of an unfair advantage to the others who are entitled to share in the fund and who should bear their share of the burden of its recovery; and encouragement of the attorney for the successful litigant, who will be more willing to undertake and diligently prosecute proper litigation for the protection or recovery of the fund if he is assured that he will be promptly and directly compensated should his efforts be successful.

Bank of America v. Cory, 164 Cal. App. 3d 66, 90 (1985); *see Serrano v. Priest,* 20 Cal.3d 25, 34 (1977) ("[O]ne who expends attorneys' fees in winning a suit which creates a fund from which other derive benefits, may require those passive beneficiaries to bear a fair share of the litigation costs.").

Here, a common fund was created in the amount of $200,000 for the benefit of the Aggrieved Employees and the State of California. As such, these beneficiaries must bear their share of the costs and attorneys' fees, to be deducted from the $200,000 Gross Settlement Amount under the common fund theory. The parties allocated one third of the Gross Settlement Amount to Plaintiff's Counsel for their reasonable attorneys' fees. (Settlement Agreement, ¶ 3.2.1.) The award sought is justified in light of the amount of work Plaintiff's Counsel performed and the substantial risks involved in litigating this type of case. (Anderson Decl. ¶¶ 44-47). Indeed, the requested attorneys' fees award of $66,666.66, or one third of the Gross Settlement Amount, constitutes a fair market cost for the benefits conferred by the Settlement because Plaintiff's Counsel's skills in negotiating the Settlement resulted in the substantial benefit for the Aggrieved Employees, the State of California, and the general public.

B. Plaintiff's Counsel's Attorneys' Fees are Also Recoverable Under the Lodestar Approach

The reasonableness of Plaintiff's Counsel's requested attorneys' fees award is also supported under the lodestar method. *See e.g., Lealao v. Beneficial Cal., Inc.,* 82 Cal. App. 4th 19, 26 (2000) ("[F]ees have traditionally been allowed in such common fund cases, although . . . the lodestar methodology may also be utilized in this context."). Under the lodestar approach, the number of hours reasonably expended is multiplied by a reasonable hourly rate. *Id.* Once the Court has established the lodestar, it may be increased or decreased "by applying a positive or negative 'multiplier' to consider a variety of other factors, including the quality of the representation, the novelty and complexity of the issues, the results obtained, and the contingent risk presented." *Id.*; *see*, *e.g.*, *Serrano*, 20 Cal. 3d at 49.

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Here, Plaintiff's Counsel has committed over 295 hours litigating this case. This includes time spent investigating and researching the legal issues raised in this litigation; drafting the notice to the LWDA and the complaint; drafting and responding to correspondence; communicating with Plaintiff and other Aggrieved Employees; reviewing and analyzing documents produced by Defendant; conducting the damages analysis; drafting the detailed mediation brief; preparing for and attending mediation; negotiating the terms of the settlement and finalizing the written agreement; and moving for approval of the settlement. (Anderson Decl. ¶ 50, 54). At Plaintiff's Counsel's usual and customary rates, this would result in a total lodestar of more than $135,000.00. (Anderson Decl. ¶ 50). Thus, Plaintiff's Counsel's request for an award of attorneys' fees in the amount of $66,666.66, or approximately 49% of the firm's lodestar, is undoubtedly fair and reasonable given the nature and complexity of the litigation and the experience level of each timekeeper. (*Id.*, ¶ 54).

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3555 FIFTH AVENUE SUITE 200
SAN DIEGO, CALIFORNIA 92103

C. Plaintiff's Counsel's Litigation Costs Were Reasonable and Necessarily Incurred

It is appropriate for litigation costs to be paid from the common fund. *In re Media Vision Tech. Sec. Litig.,* 913 F. Supp. 1362, 1366 (N.D. Cal. 1996) ("Reasonable costs and expenses incurred by an attorney who creates or preserves a common fund are reimbursed proportionally by those class members who benefit from the settlement.".). Courts permit attorneys to "recover their reasonable expenses that would typically be billed to paying clients in non-contingency matters." *See In re Omnivision Technologies, Inc.,* 559 F. Supp. 2d 1036, 1048 (N.D. Cal. 2008); *see also Harris v. Marhoefer,* 24 F.3d 16, 19 (9th Cir. 1994) ("[Plaintiff] may recover as part of the award of attorney's fees those out-of-pocket expenses that "would normally be charged to a fee-paying client.".). Recoverable expenses may include photocopying, document scanning, postage and delivery charges, travel, attorney services fees, and legal research costs. *Bussey v. Affleck,* 225 Cal. App. 3d 1162, 1166 (1990) ("[A]ttorneys' fees and expenses are inseparably intertwined as equally vital components of the costs of litigation . . . expenses such as supplemental secretarial costs, copying, telephone costs and necessary travel, are integrally related to the work of an attorney and the services for which outlays are made may play a significant role in the ultimate success of litigation . . . ".).

Here, Plaintiff's Counsel seeks reimbursement of $7,598.30 for costs and expenses incurred in connection with this Action from its inception to the present. (Anderson Decl. ¶ 57). As set forth above, Plaintiff's Counsel's costs are warranted as they include filing fees, court fees, postage, attorney services fees, and mediation fees. *Id.* The costs incurred are also the same as those that would normally have been billed to a client paying for Plaintiff's Counsel's services on a non-contingency basis. *Id.* Plaintiff's Counsel's costs are more than reasonable in light of the work that has been performed in this matter. (Anderson Decl. ¶ 58).

VI. CONCLUSION

Plaintiff respectfully requests that this Court approve the settlement on the terms outlined in the parties' Settlement Agreement. As set forth herein, the Settlement is fair, reasonable, and adequate given the range of possible outcomes of the litigation, the risks and expenses associated with further litigation, the scope of the release, and the experience and views of Plaintiff's Counsel.

Respectfully submitted,

Dated: February 26, 2026

ARCH LEGAL, P.C.

By: ______________________

Graham S.P. Hollis
Hali M. Anderson
Ommar Chavez
Attorneys for Plaintiff Oscar Serna

PROOF OF SERVICE

I, Rachel Bray, declare at the time of service I was over 18 years old and not a party to the action. I am employed in San Diego County, California. My business address is 3555 Fifth Avenue, Suite 200, San Diego, California 92103. On February 26, 2026, I served the following document(s):

- **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT AND REQUEST FOR AWARD OF ATTORNEYS' FEES, COSTS, AND SETTLEMENT ADMINISTRATION EXPENSES**

Upon:

HUSCH BLACKWELL Kathy Huynh, Esq. kathy.huynh@huschblackwell.com 1999 Harrison Street, Suite 1300 Oakland, CA 94612-4704	Counsel for Defendant Arena Stuart Rentals, Inc.
HUSCH BLACKWELL Andrew J. Weissler AJ.Weissler@huschblackwell.com 4801 Main Street, Suite 1000 Kansas City, MO 64112	
HUSCH BLACKWELL Kate E. Juvinall Kate.Juvinall@huschblackwell.com 355 South Grand Ave., Suite 2850 Los Angeles, CA 90071	

☒ ***(BY ELECTRONIC TRANSMISSION)*** I caused service of such document(s) by emailing the document(s) to the person(s) at the email address(es) listed above based on a Court order, statute, local rule, or an agreement of the parties to accept service of such document(s) by email. No electronic message or other indication that the transmission was unsuccessful was received by the serving party within a reasonable time after the transmission.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on February 26, 2026, in San Diego, California.

Rachel Bray