Adam Rose (210880)
adam@frontierlawcenter.com
Frontier Law Center
6200 Canoga Ave., Suite 470
Woodland Hills, CA 91367
Telephone: (818) 914-3433
Facsimile: (818) 914-3433

Attorney for Plaintiff
Maria Alvarez

SUPERIOR COURT OF CALIFORNIA

COUNTY OF LOS ANGELES

MARIA ALVAREZ, Plaintiff, v. WELCOME GROUP MANAGEMENT, LLC, et al. Defendants.	NO. 25STCV08891 STIPULATION TO APPROVE PAGA SETTLEMENT; DECLARATION OF ADAM ROSE; DECLARATION OF MARIA ALVAREZ; PROPOSED ORDER

ALL PARTIES STIPULATE to approve the PAGA settlement reached at mediation. The description of the settlement and reasons for approval follow:

1. Plaintiff Maria Alvarez ("Alvarez") worked as a housekeeper at the Visalia Marriott from March 18, 2024 to April 21, 2024.

2. In Alvarez's view, meal and rest breaks did not occur, and off the clock work was required.

3. An initial PAGA letter was sent to defendant Welcome Group Management, LLC ("Welcome") and uploaded to the LWDA website on June 30, 2024, and an amended PAGA letter was sent to Welcome on November 11, 2024 that corrected the address.

4. After the PAGA case was filed, Alvarez initiated arbitration for the individual claims with the American Arbitration Association.

5. The parties then agreed to attend mediation, and mediation occurred with Scott Markus of Signature Resolution on September 23, 2025 which resulted in a settlement of the individual claims, and it also covered the PAGA claim.

6. As part of the settlement, Plaintiff mailed a third amended PAGA letter to Welcome and uploaded it to the LWDA website on September 29, 2025. A First Amended Complaint was filed on January 12, 2026, to reflect the amended PAGA letter.

7. Aggrieved Employees are defined as, "All hourly non-exempt employees of Welcome who have been employed and worked for Defendant at its Visalia, California property from January 20, 2024, to December 22, 2025."

Summary of Settlement Terms

8. The gross settlement is $90,000. The delineation is the following:

a. Service enhancement of $5,000

b. Attorney fees of $30,000

c. Attorney costs up to $11,000

d. Settlement administration up to $3,500

e. PAGA allocation of $40,500 (65% to LWDA and 35% to Aggrieved Employees)

Pursuant to the settlement agreement, Aggrieved Employees will receive their pro rata share of 35% of the allocation for PAGA penalties based on the number of pay periods the Aggrieved Employee worked during the PAGA Period. With 115 Aggrieved Employees, the average amount to each Aggrieved Employee would be $14,175 ÷ 115 ≈ $123.25.

The PAGA Allegations

9. The PAGA allegations relate to the following: 1) minimum wage violations, 2) overtime violations, 3) meal break violations, 4) rest break violations, 5) wage statement violations, 6) waiting time penalties, and 7) work expense reimbursements. Alvarez alleges that she and Aggrieved Employees would have to work beyond their scheduled shifts; therefore, resulting in off-the-clock work. Alvarez further alleges that she and the Aggrieved Employees were required to work through meal and rest breaks without any compensation of penalties. As such, the alleged conduct resulted in derivative wage statement violations and waiting time penalties. For the work expense violations, the allegation is that Alvarez and the Aggrieved Employees had to purchase

their own cleaning supplies.

10. Welcome disputes that such conduct occurred as Welcome 1) pays employees for all time worked; 2) provides meal and rest breaks and associated applicable penalties; 3) reimburses necessary business expenses; and 4) provides accurate wage statements.

<u>Summary of Maximum Liability</u>

11. Welcome operates only the Visalia location, so the PAGA settlement covers workers only at the Visalia Marriott; nonetheless Welcome is based in El Segundo which is why the case was filed in Los Angeles.

12. The data produced for mediation comprised the following: 1) Alvarez's full personnel file, 2) Alvarez's pay and time records, 3) the employee handbook, 4) the meal and rest break policy, 5) a sampling of pay data, and 5) a sampling of time data.

13. Nonetheless, with approximately 5,000 pay periods Alvarez contends the maximum PAGA liability is:

Unpaid wage violations – 5,000 pay periods x $100 (Labor Code 1197.1) = $500,000
Missed meal break violations – 5,000 pay periods x $50 (Labor Code 558) = $250,000
Missed rest break violations – 5,000 pay periods x $100 (Labor Code 2699) = $500,000
Wage statement violations – 5,000 pay periods x $100 (Labor Code 2699) = $500,000
Waiting time violations – 40 former employees x $100 (Labor Code 2699) = $40,000
Total Maximum PAGA liability = $1,790,000

14. Welcome, on the other hand, does not agree with the Alvarez's total maximum PAGA liability. However, given the time and resources associated with lawsuits of this nature, Welcome agreed to mediate the claims.

<u>Discussion of Risks and Adjusted Liability</u>

15. The primary risk is that the off-the-clock and missed breaks could be limited to Plaintiff's personal experience at the hotel (i.e., the issues could be limited to Plaintiff's interactions with her supervisor). Further, there was no evidence that Welcome did anything to impede taking breaks, so any argument that meal and rest breaks were not compliant would relate to he said/she said

testimony. Finally, there was no documentary evidence of off-the-clock work.

16. The corresponding risk for the derivative wage statement and waiting time penalties is that there could be a finding there was no willfulness, as explained by the Supreme Court in *Naranjo v. Spectrum Security Services, Inc.* (2024) 15 Cal.5th 1056.)

17. Thus, given these risks if the case proceeded further, Alvarez contends a more realistic PAGA exposure is 50% of the maximum since there is a possibility that at least half of the aggrieved employees did not experience the same employment law violations as Alvarez experienced.

18. Thus, Alvarez contends there is about a 50% possibility that some (or all) of the employment law issues that Alvarez experienced were not common to the other employees. Thus, Alvarez contends the more realistic maximum PAGA exposure is one-half of the maximum PAGA liability, or $895,000.

19. Welcome disputes Alvarez's PAGA liability amounts as it is vastly overstated.

The Settlement Is in the Range of Reasonableness and Is Fair, Reasonable, and Adequate

20. The PAGA settlement of $90,000 is 5% of Alvarez's estimated the maximum PAGA exposure and 10% of the more realistic PAGA exposure. Given the inherent risks of litigation, such as the burdens of proof, the settlement is reasonable and in the best interest of the State and the Aggrieved Employees. Pursuant to *Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, the settlement is fair, adequate, and reasonable, and it furthers the goals of PAGA consistent with *O'Connor v. Uber Techs., Inc.* (N.D. Cal. 2016) 201 F.Supp.3d 1110, 1132–35.

21. It follows that the PAGA settlement is within the range of reasonableness. (See, e.g., *Smith v. Kaiser Found. Hosps*., 2020 WL 5064282, at *17 (S.D. Cal. Aug. 26, 2020) (finding that PAGA award that was 2.4% of maximum estimated value of PAGA claims was not "unfair, inadequate, or unreasonable given the risks of continued litigation"); *Gilmore v. McMillan-Hendryx Inc*., 2022 WL 184004, at *4 (E.D. Cal. Jan. 20, 2022) (PAGA award of 4.2% of the maximum estimated value of PAGA claims and 2.3% of the total settlement amount was 'not unreasonable and weighs in favor of settlement").

Plaintiff's Counsel's Request for Attorney Fees and Costs is Reasonable

22. Alvarez's attorneys seek 33.3% of the gross settlement for attorney fees. Attorney fees as a portion of the common fund are routinely approved. (See *Lafitte v. Robert Half Int'l, Inc*. (2016) 1 Cal.5th 480, 488.)

23. The request for attorney fees is substantiated by the monetary benefits that will be conferred, as well as the uncertainty and risks if the case did not settle. Plaintiffs emphasize that common fund settlements are essential for the continued prosecution of cases, and the ability of law firms to represent low-wage workers on contingency who are not able to afford paying attorneys. (See, e.g., *Fleury v. Richemont N. Am., Inc*. (N.D. Cal. Apr. 14, 2009) 2009 WL 10100514, at *3.)

24. Further, Alvarez's attorneys are requesting up to $11,000 for costs, substantiated by the supporting declaration.

The Court is Authorized to Approve the Settlement

25. Pursuant to Labor Code section 2699, subdivision (s)(2), the superior court shall review and approve any settlement of any civil action filed pursuant to PAGA.

26. The general guideline for a PAGA settlement is that it is fundamentally fair, reasonable, and adequate with respect to the public policies underlying PAGA. (*Cotter v. Lyft, Inc*. (N.D. Cal. 2016) 176 F.Supp.3d 930, 931.)

27. The purpose of PAGA has been fulfilled, since it is arguably undisputed that Welcome's Visalia operation is fully aware of the requirements of the Wage Orders to provide meal and rest breaks and to pay for all work.

The Parties Stipulate to Approve the PAGA Settlement

Pursuant to the statements above and the concurrently filed declaration of Adam Rose that attaches the settlement agreement, the parties respectfully request the court to grant the stipulation to approve the PAGA settlement.

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Date: February 16, 2026

FRONTIER LAW CENTER

<u>/s/ Adam Rose</u>
Attorney for Plaintiff
Maria Alvarez

Date: February 16, 2026

PETTIT KOHN

<u>/s/ Celeste Leung</u>
Attorney for Defendant
Welcome Group Management, LLC