AEGIS LAW FIRM, PC
KASHIF HAQUE, State Bar No. 218672
SAMUEL A. WONG, State Bar No. 217104
JESSICA L. CAMPBELL, State Bar No. 280626
JAMIE M. LOOS State Bar No. 346492
9811 Irvine Center Drive, Suite 100
Irvine, California 92618
Telephone: (949) 379-6250
Facsimile: (949) 379-6251
Email: jcampbell@aegislawfirm.com
jloos@aegislawfirm.com

Attorneys for Plaintiff Cynthia Navarro, individually and on behalf of all others similarly situated.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

CYNTHIA NAVARRO, individually and on behalf of all others similarly situated Plaintiff, vs. ARC RIVERSIDE; and DOES 1 through 20, inclusive, Defendants.	Case No. CVRI2404700 *Assigned for all purposes to Hon. Harold W. Hopp Dept. 1* **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF PAGA SETTLEMENT** Date: September 8, 2025 Time: 8:30 a.m. Dept: 1 **Reservation ID: 953479218439**

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Cynthia Navarro ("Plaintiff") seeks approval of a settlement of claims under the Private Attorneys General Act of 2004, California Labor Code § 2698 *et seq*. ("PAGA") against Defendant Arc Riverside; ("Defendant") in the amount of $140,000.00. Plaintiff alleges approximately 99 aggrieved employees who worked for Defendant were allegedly not paid wages for all hours worked, not provided with meal periods, not provided with rest breaks, not reimbursed necessary business expenses, not provided with accurate wage statements, not paid all wages owed upon separation of employment.

Under Labor Code § 2699(l)(2), the Court must review and approve any proposed PAGA settlement. Here, the proposed Settlement is sufficient to deter and punish future violations. The PAGA Settlement Agreement ("Settlement" or "Settlement Agreement") is attached to the Declaration of Jamie M. Loos in Support of Motion for Approval of PAGA Settlement ("Loos Decl.") as **Exhibit 1**, and the proposed letter to be sent to the aggrieved employees is attached thereto as **Exhibit A**. Plaintiff now seeks this Court's approval of the Settlement terms.

II. FACTUAL AND PROCEDURAL BACKGROUND

On August 21, 2024, Plaintiff filed her Complaint as a class action lawsuit, alleging that, Defendant failed to: (1) pay minimum wages, (2) pay overtime wages, (3) provide lawful meal periods or compensation in lieu thereof, (4) authorize or permit lawful rest breaks or provide compensation in lieu thereof, (5) reimbursed necessary business expenses (6) provide accurate itemized wage statements, (7) pay all wages timely upon separation of employment and, (8) abide by the requirements of California Business and Professions Code Section 17200 *et seq.* Loos Decl. at ¶ 3.

On September 19, 2024, Plaintiff's counsel sent a letter to the California Labor & Workforce Development Agency ("LWDA") via online submission and to Defendant via certified mail regarding Defendant's alleged violations. *See* Loos Decl., ¶ 4, Exhibit 2. The LWDA did not respond to this notice within 65 days, indicating it did not intend to investigate, thus allowing Plaintiff to file the instant lawsuit pursuant to Labor Code Section 2699.3(a)(2)(A). *See* Loos Decl.,

¶ 5. On November 5, 2024, Plaintiff filed her First Amended Complaint adding a claim for Enforcement of the Private Attorneys General Act ("PAGA"). *Id.*

Due to the presence of arbitration agreements that Plaintiff and class members allegedly signed, Plaintiff dismissed her class claims and proceeded on a PAGA-only basis. Loos Decl., ¶ 6.

The Parties agreed to attend private mediation. Loos Decl., ¶ 7. In preparation for mediation, Defendant informally produced data and documents for Plaintiff to evaluate the PAGA claims and calculate the alleged exposure, including Plaintiff's personnel file, policy documents, aggrieved employees' time and payroll records, and on-duty meal period agreements, and data pertaining to the aggrieved employees. *Id.* Plaintiff's Counsel engaged an expert to quantify the potential exposure using the time and payroll records, and then assessed the risks associated with each of the claims. *Id.*

The parties attended mediation on February 24, 2025, with Jill R. Sperber, a respected class action and PAGA action mediator. Loos Decl., ¶ 8. After a full day of negotiating, the Parties agreed to a settlement amount and executed a Memorandum of Understanding with the material terms the parties had agreed to. *Id.*

Plaintiff provided notice of the Settlement to the LWDA. Loos Decl., ¶ 9, Exhibit 3. Plaintiff also served a copy of this Motion on the LWDA. *Id.*

III. PAGA REQUIREMENTS

Based on the California Supreme Court's opinions in *Arias v. Superior Court*, 46 Cal. 4th 969 (2009), and *Iskanian v. CLS Transportation Los Angeles, LLC,* 59 Cal. 4th 348 (2014), Plaintiffs can seek appropriate civil penalties as called for under PAGA on behalf of the State of California and other similarly aggrieved employees without seeking class certification or meeting the requirements of class certification (*i.e.* numerosity, typicality, commonality and adequacy). As such, the class action two-step preliminary and final approval process is not required.

PAGA was enacted to allow enforcement of the Labor Code and recovery of penalties by the State and by private individuals who have been aggrieved by their employers. Because this case and the PAGA notice were filed after the June 2024 PAGA reforms, the statute calls for 65%

of any penalties recovered to be paid to California's LWDA and the remaining 35% to the aggrieved employees (Cal. Lab. Code § 2699(i) (2024)).

In order to enforce and seek penalties under PAGA in a civil action, an aggrieved employee must first provide written notice to the LWDA and the employer of the particular Labor Code violations the aggrieved employee alleges the employer has violated. *See* Cal. Labor Code§ 2699.3(a)(l)(A). Once the LWDA notifies the aggrieved employee that it does not intend to investigate the alleged violations, or if the LWDA does not respond within a certain time period, the aggrieved employee is then allowed to proceed in a civil action against the employer on behalf of the LWDA and all other similarly aggrieved employees. *See* Cal. Labor Code § 2699.3(a)(2)(A).

In 2009, the California Supreme Court considered the issue of whether an aggrieved employee who brings a PAGA representative claim needs to meet class certification requirements. *Arias, supra,* 46 Cal. 4th at 976. After a substantial review of the legislative history of PAGA, the Court held that an aggrieved employee's representative action brought on behalf of other aggrieved employees against an employer for PAGA violations does not need to meet the requirements for class certification. *Id.* at 975, 980-88. As the Court held, a plaintiff bringing suit under PAGA does so as the proxy or agent of California's labor law enforcement agencies. *Id.* at 986. Because the employee's PAGA action functions as a substitute for an action brought by the government itself, a judgment in the PAGA action binds all those who would be bound by a judgment in an action brought by the government. *Id.*

Finally, in a settlement of a PAGA action brought by an aggrieved employee, the court need only "review and approve” the settlement. Cal. Lab. Code § 2699(1)(2). The Parties to this current PAGA action have reached such an agreement and now seek this Court's approval of the proposed settlement.

IV. THE SETTLEMENT TERMS AND DISTRIBUTION OF PENALTIES

The Parties have agreed that Defendant will pay a total settlement amount of $140,000.00 (the “Gross Settlement Amount”). *See* Settlement Agreement, § 3.1. From this amount, up to one-third (1/3) of the Gross Settlement Amount, or $46,666.67, is allocated to attorneys’ fees and up to $30,000.00 to actual litigation costs. *Id.* at § 3.2.1. To date, Plaintiff’s counsel has spent $16,385.55

in actual litigation costs and incurred $82,105.00 in attorneys' fees. *See* Loos Decl., ¶¶ 31-32, Exhibit 4. The Settlement allocates up to $3,468.00 to payment for Rust Consulting's costs associated with administration of the Settlement. Settlement Agreement, § 3.2.3. For Plaintiff's efforts in assisting with the Lawsuit and in exchange for a general release of her individual claims, $10,000.00 is allocated to Plaintiff. *Id.* at § 3.2.2.

After deducting the above amounts for attorneys' fees and costs, Settlement Administrator's costs, and Plaintiff's individual settlement award, the remaining fund will constitute the "PAGA Penalties" in which 65% will be paid to the LWDA (the "LWDA PAGA Payment") and 35% will be paid to the Aggrieved Employees as their "Individual PAGA Payments". Settlement Agreement, ¶ 3.2.4. The Aggrieved Employees are persons employed by Defendant in California as a non-exempt employee at any time during the PAGA Period. *Id.* at ¶ 1.4. The PAGA Period means the period from August 21, 2023 to February 24, 2025. *Id.* at ¶ 1.21.

The Individual PAGA Payments will be calculated pro rata based on the number of pay periods working during the PAGA Period. Settlement Agreement, § 3.2.4.1. If the number of PAGA Pay Periods exceeds 2,653 by more than 10%, (i.e., if the number of PAGA Pay Periods exceeds 2,919), the Gross Settlement Amount will increase pro rata per additional PAGA Pay Period. Settlement Agreement, § 8. The Individual PAGA Payments shall be paid to the Aggrieved Employees by way of a single check which will be valid for 180 days. *Id.* at § 4.4.1. All funds not claimed within 180 days of mailing of payment shall be sent to the California State Controller's Office Unclaimed Property Fund with an identification of the amount of unclaimed funds attributable to each PAGA Employee. *Id.* at § 4.4.3. The Individual PAGA Payments will be characterized as penalties for tax purposes and reported on IRS Form 1099. *Id.* at § 3.2.4.2.

Prior to this disbursement, the Settlement Administrator shall check the Aggrieved Employees' addresses provided by Defendant using the National Change of Address database. Settlement Agreement, § 4.4.2. For any returned payments without a forwarding address, the Settlement Administrator shall run a skip trace. *Id.* at § 4.4.2. Aggrieved Employees will receive a letter along with their Individual PAGA Payment explaining the reason for the payment, the content of which will be submitted to the Court for approval. The proposed letter is attached to the Settlement Agreement as Exhibit A.

In exchange for the settlement payment, Plaintiff and the State of California will release the "Released Parties" meaning "Defendant and its officers, directors, employees and agents" from all claims exhausted in Plaintiff's notice sent to the LWDA and alleged in the Action, which arose during the PAGA Period. Settlement Agreement, §§ 1.27, 5.2.

V. THE SETTLEMENT IS FAIR AND REASONABLE

A. Standard for Approval

PAGA settlements must be "fair, reasonable, and adequate in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." *Moniz v. Adecco USA, Inc*., 72 Cal.App.5th 56, 77 (2021). The court must find that the plaintiff "has adequately represented the state's interests, and hence the public interest." *Id.* at 89. The LWDA must be notified of the settlement and be given an opportunity to object. The court may look to parallel class action guidelines to determine what is "fair, adequate and reasonable." *Kullar v. Foot Locker Retail,* 168 Cal.App.4th 116, 126 (2008). In that analysis, the court has "broad discretion in making this determination." *In re Microsoft I-V Cases*, 135 Cal.App.4th 706, 723 (2006). Relevant factors may include "the strength of the plaintiffs' 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 …." *Dunk v. Ford Motor Co*., 48 Cal.App.4th 1794, 1801 (1996).

B. The Settlement Meets the Standard for Approval

Here, the $140,000.00 Gross Settlement Amount is reasonable for a group of approximately 99 employees. Loos Decl., ¶ 16. The settlement amount is equivalent to a penalty of about $1,414.14 per employee or about $52.77 per pay period. *Id.* At the same time, the penalty amount is not so large as to be unjust, oppressive or confiscatory, considering the company's potential exposure explained below. *Id.* The Gross Settlement Amount is also reasonable in light of the facts of the foregoing action, the real risk that no PAGA penalties would be paid, and inherent risks and uncertainties associated with PAGA claims. *Id.* at ¶ 17.

Plaintiff calculated the potential exposure at the initial violation rate of $100.00 per pay period as follows: 2,653 x $100.00 per pay period is $265,300.00. Loos Decl., ¶ 14. If the Court stacked different types of penalties in each pay period, Plaintiff calculated the exposure as follows:

a. Rest Break Violations: Plaintiff alleged that Defendant required aggrieved employees to remain on the premises and did not permit duty-free ten-minute rest breaks. Plaintiff's expert calculated this claim to be worth a maximum of $265,300.00 (2,653 pay periods x $100 per pay period x 100% violation rate = $265,300.00). Defendant argued that it maintained compliant written policies, that rest breaks were incorporated into the schedules, and that aggrieved employees were free to spend their breaks as they saw fit. Understanding the difficulty of proving this claim at trial and the likelihood of competing testimony, Plaintiff believed there was a 20% chance of success. As such, Plaintiff discounted this claim to be worth approximately $53,060.00.

b. Meal Period Violations: Plaintiff alleged that Defendant failed to provide compliant meal periods and required aggrieved employees to sign invalid on-duty meal period agreements. Plaintiff's expert assumed a 100% violation rate and calculated this claim to be worth a maximum of $265,300.00 (2,653 pay periods x $100 per pay period x 100% violation rate). However, Defendant argued that not all aggrieved employees were required to sign on-duty meal period agreements and that those who did were compliant with the law. Plaintiff estimated a 50% chance of success at trial, discounting this claim to be worth approximately $132,650.00.

c. Unpaid Wages: Plaintiff alleged that Defendant failed to pay for pre-shift duties such as checking emails and messages or engaging in COVID screenings prior to clocking in. Plaintiff's expert calculated this claim to be worth a maximum of $265,300.00 based on 2,653 pay periods and a 100% violation rate (2,653 pay periods x $100 per pay period x 100% violation rate = $265,300.00). However, Defendant argued that aggrieved employees were not required to perform any tasks before clocking in for their shifts and that the COVID screenings only occurred before the PAGA Period of August 21, 2023 to February 24, 2025. As this claim would likely become reliant on testimony and difficult to prove, Plaintiff believed there was a 20% chance of success at trial, thereby reducing the claim to approximately $53,060.00.

d. Wage Statement Penalties: Plaintiff alleged that Defendant issued inaccurate wage statements with both facial and derivative violations based on its failure to include the total hours worked and its failure to list the applicable hours and rates due to the claims discussed herein. Plaintiff's expert calculated this claim to be worth a maximum of $265,300.00 (2,653 pay periods x $100 per pay period x 100% violation rate). However, Defendant argued that aggrieved employees could determine their total hours worked using simple math. Additionally, the derivative claims are dependent on success at trial of the rest, meal, and unpaid wages claim. As such, Plaintiff believed there was a 30% chance of success at trial, thereby discounting the claim to approximately $79,590.00.

e. Unreimbursed Business Expenses: Plaintiff alleged that Defendant owes unreimbursed business expenses for its failure to pay aggrieved employees for the required use of their personal cell phones. Plaintiff's expert estimated this claim to be worth a maximum of $265,300.00 (2,653 pay periods x $100 per pay period x 100% violate rate). However, Defendant argued that aggrieved employees were issued company phones and that if they ever used their personal cell phone, it was out of convenience for the employees. Accordingly, Plaintiff discounted this claim to approximately $53,060.00 based on a 20% chance of success at trial.

Loos Decl. ¶ 14(a-f).

Another crucial factor in evaluating the value of a PAGA-only case is that all PAGA awards are discretionary and can be reduced by the Court. Loos Decl. ¶ 15. Under Labor Code § 2699(e)(2), the Court can reduce the PAGA penalties "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." In other words, were this matter to go to trial, any award granted would be at the discretion of the Court. *Id.* In settling this case, Plaintiff recognizes that, although she believes there would be no persuasive grounds to reduce the penalties, the Court could determine otherwise and significantly reduce the PAGA penalties, especially with such a small employer. *Id*. Based on the calculations above, the reasonable recovery expected at trial would be around $371,420 before court reduction, and then likely more like $92,855 after discretionary reduction of penalties (representing a 75% reduction which is common after PAGA trial). *Id.* Thus, the wide range of potential recovery and the additional delays and risks of trial justified settling for a reasonable amount of recovery. *Id*.

VI. CONCLUSION

For the foregoing reasons, Plaintiff requests the Court approve the proposed settlement pursuant to PAGA in this Action.

Dated: August 11, 2025

AEGIS LAW FIRM, PC

By /s/ Jamie M. Loos

Jamie M. Loos
Attorneys for Plaintiff Cynthia Navarro