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SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF SANTA CLARA

SAAGHAR AZAD, on behalf of herself and in her representative capacity on behalf of the State of California, and all other aggrieved employees, Plaintiff, v. SKIN REFINE MEDSPA a California corporation, DUSTIN NEWELL, an individual LOUISE NGUYEN, an individual, and DOES 1- 15, Defendants.	Case No: 25-CV-455650 **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR APPROVAL OF CALIFORNIA LABOR CODE PRIVATE ATTORNEYS GENERAL ACT OF 2004 ("PAGA") SETTLEMENT** *[Filed concurrently with Notice of Motion and Motion for Approval of PAGA Settlement; Declaration of Harris Emran, Esq; [Proposed] Order Granting Approval of PAGA Settlement; [Proposed] Judgment Approving PAGA Settlement]* Complaint Filed: January 3, 2025 Hearing Date: April 2, 2026 Time: 9:00 a.m. Dept: 18B Hon. Shella Deen Confirmation Code: 6VS53ZMI

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TABLE OF CONTENTS

Table of Contents

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Pursuant to Labor Code § 2699(s)(2), Plaintiff seeks the Court's approval of the proposed and unopposed Gross Settlement Amount of Thirty Seven Thousand Five Hundred Dollars and Zero Cents ($37,500.00) for all inclusive, non-reversionary settlement of the Action including the PAGA Penalties, payment to Plaintiff as an aggrieved employee, PAGA Counsel attorneys' fees, litigation costs, administration costs, and a payment to the aggrieved employees and State of California under the California Labor Code Private Attorneys General Act of 2004 ("PAGA"). See Exhibit C to Declaration of Harris Emran ("Emran Decl."). By way of this settlement, Plaintiff and Defendants (collectively the "Parties") seek to fully and finally resolve alleged violations on a representative capacity on behalf of the State of California and all other Aggrieved Employees as defined in the Settlement Agreement. Emran Decl. ¶ 10. If approved, the proposed Settlement will resolve this matter in its entirety. Emran Decl. ¶ 10.

Defendants deny all claims, deny that Plaintiff is entitled to any recovery, and assert affirmative defenses in response to Plaintiff's claims. Emran Decl. ¶ 8. Nonetheless, having resolved the matter, the Parties hereby submit their PAGA Settlement Agreement ("Settlement" or "Settlement Agreement") to the Court for its approval. Emran Decl. ¶ 8.

Accordingly, the Parties requests the Court enter an order (1) finding the PAGA Settlement is fair and reasonable in light of the facts and evidence, (2) approving the form and method of settlement check administration to the alleged Aggrieved Employees, (3) finding all procedural requirements for PAGA settlement have been met, (4) dismissing the action *with prejudice* as to the named Plaintiff and the State and all other Aggrieved Employees as approved by the Court.

II. FACTS AND PROCEDURES

A. Plaintiff's Contentions

Defendants own and operate a medical spa performing spa services, body contouring, facials, injectables, and laser skincare. Emran Decl. ¶ 3. Plaintiff worked for Defendants between September 2022 and July 2024 as a Patient Care Coordinator paid on an hourly basis and eligible for commissions. Emran Decl. ¶ 3. Plaintiff was responsible for checking patients in for their appointments, responding to customer inquiries, answering all calls, selling products to patients, and post-appointment administration such as improvement photos, appointment updates, after-care instruction. Emran Decl. ¶ 3. Specifically, Plaintiff alleged Defendants systematically violated Plaintiff's and other Aggrieved Employees' wage and hour rights by requiring employees to forfeit, truncate and/or postpone meal and rest periods to complete patient care, failed to reimburse employees for personal cell phone use, failed to incorporate employees' commissions when calculating regular rate of pay thereby resulting in a failure to pay all wages when due and upon termination, and inaccurate itemized wage statements. Emran Decl. ¶ 3.

B. Procedural History

On October 29, 2024, Plaintiff provided the Labor Workforce and Development Agency ("LWDA") written notice by online filing and Defendants via certified mailing of specific provisions of Lab. Code §§ 2699 et seq. alleged to be violated including the facts and theories to support the alleged violation. Emran Decl. ¶ 4; Ex. A and Ex. D. The LWDA did not provide any notice of its intent to investigate the alleged violation within 65 calendar days of the postmark date of the PAGA Notice. Emran Decl. ¶ 5.

On January 3, 2025, Plaintiff filed her Complaint against Defendant Skin Refine Medspa, Defendant Dustin Newell, and Defendant Louise Nguyen, (hereinafter "Defendants") alleging violations of California Labor Code including (1) Failure to Provide Required Rest Periods, (2) Failure to Provide Required Meal Periods, (3) Failure to Pay Wages When Due, (4) Failure to All Minimum Wages, (5) Failure to Pay Overtime Compensation, (6) Failure to Pay Wages Upon Termination, (7) Failure to Reimburse Business Expenses, (8) Failure to Provide Accurate, Itemized Wage Statements, and (9) Recovery of Civil Penalties under the Labor Code Private Attorneys General Act. Emran Decl. ¶ 6; Ex. B. In May 2025, the Parties agree to mediate Plaintiff's claims. Emran Decl. ¶ 7.

On July 29, 2025, the Parties participated in a full day mediation with Mr. Michael Mandel, a well-regarded and experienced mediator of wage and hour and PAGA actions. Emran Decl. ¶ 8. At the conclusion of mediation, Mr. Mandel sent the parties a mediator's proposal, which was subsequently was memorialized in a long form settlement agreement. Emran Decl. ¶ 8; Ex. C to

Emran Decl. Defendants deny all claims, deny that Plaintiff is entitled to any recovery, and assert multiple affirmative defenses in response to Plaintiff's claims. Emran Decl. ¶ 8. Nonetheless, having resolved the matter, the Parties hereby submit this PAGA Settlement Agreement ("Settlement" or "Settlement Agreement") to the Court for its approval. Emran Decl. ¶ 8.; Ex. C to Emran Decl.

At the same time of submission to the Court, Plaintiff's counsel submitted a copy of the Settlement Agreement and this Motion to the LWDA website in accordance with Lab. Code § 2699(s)(2). Emran Decl. ¶ 9; Ex. D. By way of this settlement, Plaintiff seeks to fully and finally resolve alleged violations on behalf of herself, the State of California and all other Aggrieved Employees as defined in the Settlement Agreement. Emran Decl. ¶ 10; See Ex. C. This Settlement, if approved, will resolve the Action in its entirety. Emran Decl. ¶ 10; See Ex. C.

C. Investigation and Settlement Discussions

October 2024 and July 2025, Plaintiff's Counsel conducted a thorough investigation into the claims and defenses of each party. Emran Decl. ¶ 11. Plaintiff expended considerable time and effort advocating on behalf of herself and the alleged PAGA Aggrieved Employees. Emran Decl. ¶ 11. Plaintiff contacted previous coworkers and asked individuals to serve as a witness for her and corroborate her claims, she provided all documents and evidence in her possession which included communications from Defendants during her employment regarding pay and policies. Emran Decl. ¶ 11.

In anticipation of mediation, the Parties met and conferred over an agreeable mediator, the data that would be exchanged, and the appropriate sample size. Emran Decl. ¶ 12. The Defendants provided all Aggrieved Employee Data for the relevant time period, which included 1) aggrieved employee demographic information; 2) timecard data; 3) corresponding pay records; 4) Plaintiff's daily time records; 5) Defendant's employee handbook; 6) Plaintiff's payroll records, and 7) Plaintiff's personnel file. Emran Decl. ¶ 12.

Plaintiff's Counsel then retained the statisticians and economists at Berger Consulting Group ("BCG") to evaluate the Aggrieved Employee payroll and time data. Emran Decl. ¶ 13. BCG provides data analysis and damages modeling consulting services, specializing in PAGA and wage and hour class actions. Emran Decl. ¶ 13. BCG's team of financial and data analysts are credentialed and experienced experts in their fields and have provided their expertise on thousands of cases. Emran Decl. ¶ 13.

BCG analyzed Defendants' time and payroll data to assist in the development of various damages models. Emran Decl. ¶ 14. After Plaintiff's damage expert analyzed Defendant's data, BCG concluded Defendants failed to properly calculate overtime wages for work performed in excess of forty (40) hours per week, only paying overtime wages for hours worked in excess of eight (8) hours per day, resulting in an underpayment of overtime wages. Emran Decl. ¶ 14. BCG's model determined the approximate civil penalties for failure to reimburse, failure to provide meal periods, failure to provide rest periods, waiting time penalties, and inaccurate itemized wage statements. Emran Decl. ¶ 14. Defendants maintained written policies regarding meal and rest periods that are consistent with the law. Emran Decl. ¶ 15. Defendants' employee handbook encourages employees to notify management if they are in any way discouraged or impeded from taking their breaks. Emran Decl. ¶ 15.

Overall, Plaintiff's Counsel thoroughly investigated the claims at issue, including: (1) determining Plaintiff's suitability as a representative through interviews, background investigations, and analysis of her employment files; (2) evaluating all of Plaintiff's potential claims; (3) researching similar wage and hour PAGA actions as to the claims brought, the nature of the positions, and the type of employer; (4) analyzing the Aggrieved Employees' time and payroll records; (5) analyzing Defendants' labor policies and practices; (6) researching settlements in similar cases as well as outstanding issues which could affect PAGA approval; (7) evaluating Plaintiff's claims and estimating Defendant's liability for purposes of settlement; (8) drafting the mediation brief; and (9) participating in the mediation. Emran Decl. ¶ 16. This investigation allowed Plaintiff's Counsel to fully assess the nature and magnitude of the claims being settled, as well as the impediments to recovery, such as to make an independent assessment of the reasonableness of the terms to which the Parties have agreed. Emran Decl. ¶ 16.

The Parties Settlement Agreement is the final product of Mr. Mandel's mediator's proposal. Emran Decl. ¶ 17. Objectively, the Settlement terms are fair, adequate and represent a reasonable compromise of the claims at issue. Emran Decl. ¶ 17. The Parties represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement. Emran Decl. ¶ 18.

III. SUMMARY OF SETTLEMENT AGREEMENT

A. The Proposed Settlement Terms

The Parties have agreed, no later than fifteen (15) days after Defendant funds the Gross Settlement Amount, (within 30 days of the Effective Date), Defendant shall pay the Gross Settlement Amount of Thirty-Seven Thousand Five Hundred Dollars and Zero Cents ($37,500.00). Ex. C Section 3 to Emran Decl. The Settlement Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval, to determine the Net Settlement Amount available for the LWDA PAGA Payment and Individual PAGA Payment:

1) To PAGA Counsel: A PAGA Counsel Fees Payment of not more than thirty-five percent (35%) of the GSA, which is currently estimated to be Thirteen Thousand One Hundred Twenty-Five Dollars and Zero Cents ($13,125.00) for attorneys' fees and up to Eight Thousand Dollars and Zero Cents ($8,000.00). Defendant will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. As part of the motion for approval of the Settlement or as a separate motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment, Plaintiff and/or PAGA Counsel will seek Court approval for any PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount to be distributed as PAGA Penalties. In the event the Court awards an amount for the PAGA Counsel Fees Payment and/or the PAGA Counsel Litigation Expenses Payment less than the amount requested, the amount awarded shall not constitute a material change to the settlement. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's counsel arising from any claim to any portion of any PAGA Counsel Fee Payment and/or

PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these payments. Ex. C to Emran Decl. Section 3.2.1.

2) To the Settlement Administrator: An Administrator Expenses Payment not to exceed One Thousand Nine Hundred Ninety Dollars and Zero Cents (1,990.00) except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than the noted amount, the Administrator will retain the remainder in the Net Settlement Amount. Ex. C to Emran Decl. Section 3.2.2.

3) To the LWDA and Aggrieved Employees: The PAGA Penalties will be paid from the Gross Settlement Amount, after deducting the above amounts for PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, Administrator Expenses Payment, currently estimated to be Fourteen Thousand Three Hundred Eight-Five Dollars and Zero Cents ($14,385.00), as payment to the LWDA and the Aggrieved Employees with sixty-five percent (65%), estimated to be Nine Thousand Three Hundred Fifty Dollars and Twenty-Five Cents ($9,350.25) of the Net Settlement Amount shall be distributed to the LWDA ("LWDA PAGA Payment") and the remaining thirty-five percent (35%), estimated to be Five Thousand Thirty-Four Dollars and Seventy-Five Cents ($5,034.75) shall be distributed to the PAGA Settlement Members ("Individual PAGA Payment"). Ex. C to Emran Decl. Section 3.2.3.

    i. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties ($5,034.75) by the total number of PAGA Period

Pay Periods worked by all Aggrieved Employees during the PAGA Period, and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. Ex. C to Emran Decl. Section 3.2.3.1. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms. Ex. C to Emran Decl. Section 3.2.3.2.

B. Settlement/Release of Claims

The Parties have agreed, effective upon the date when Defendants fully fund the entire Gross Settlement Amount, in exchange for the consideration set forth in the Settlement Agreement, Plaintiff, the LWDA and the Aggrieved Employees will release claims against all Released Parties as follows:

A. Plaintiff's Release: Plaintiff and her respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences during the PAGA Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and the PAGA Notice ("Plaintiff's Release"). Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them. Ex C Section 5.1 to Emran Decl.

   a. Plaintiff's Release additionally includes a Section 1542 Waiver. Ex C Section 5.1.1 to Emran Decl.

B. Release by LWDA and Aggrieved Employees: 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 PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including California Labor Code sections 201, 202, 203, 204, 226, 226.3, 226.7, 351, 353, 510, 512, 558, 558.1, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 2802, and IWC Wage Order 5, §§ 7, 11-12. Ex. C Section 5.2 to Emran Decl.

IV. LEGAL ANALYSIS

Under PAGA, an aggrieved employee may bring a civil action personally and on behalf of other current or former employees to recover civil penalties for Labor Code violations. *Iskanian v. CLS Transp. Los Angeles, LLC* (2014) 59 Cal.4th 348, 380. Seventy-five percent of any penalties recovered go to the LWDA, leaving the remaining twenty-five percent for the employees. *Id.* PAGA is intended "to augment the limited enforcement capability of [the LWDA] by empowering employees to enforce the Labor Code as representatives of the Agency." *Id*. at 59 Cal. 4th 383. A judgment [or Court-approved settlement] in a PAGA action binds all those, including nonparty aggrieved employees, who would be bound by a judgment in an action brought by the government. *Id*. at 381.

Based on the California Supreme Court's holdings in *Arias v. Superior Court* (2009) 46 Cal.4th 969 and *Iskanian v. CLS Transportation Los Angeles, LLC* (2014) 59 Cal.4th 348, there is no requirement under PAGA for Plaintiff to establish the requirements of class certification (i.e., numerosity, typicality, commonality, and adequacy) nor is there the usual two-step preliminary and final approval process as found in class actions. Rather, a PAGA settlement merely requires a one-step review and approval by the Court. *Id*.

The California Supreme Court has said in this context that "any negotiated resolution [must be] fair to those affected." *Williams v. Superior Ct.* (2017) 3 Cal. 5th 531, 549. However, it may be substantially discounted given that courts often exercise their discretion to award PAGA penalties below the statutory maximum even where a claim succeeds at trial. *Amaral v. Cintas Corp. No. 2*

(2008) 163 Cal. App. 4th 1157, 1213, ("Section 2699, subdivision (e)(2) provides that in an action by an aggrieved employee to recover PAGA penalties, the court 'may award a lesser amount than the maximum civil penalty amount specified by this part 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.'") See also, *Lopez v. Friant & Assocs., LLC* (2017) 15 Cal. App. 5th 773, 787, (recognizing the trial court's discretion to reduce PAGA penalties).

Under Labor Code § 2699(s)(2), the Parties must obtain approval of their PAGA settlement from the Court and hereby seek the Court's approval. Pursuant to Labor Code Section 2699(e)(1), the Court has wide discretion regarding the amount of the PAGA penalty (See also *Thurman v. Bayshore Transit Management* (2012) 203 Cal.App.4th 1112, 1136 [standard of review is abuse of discretion].) The primary objective of a PAGA action "is to supplement enforcement actions by public agencies, which lack adequate resources to bring all such actions themselves." *Arias v. Superior Cour*t (2009) 46 Cal.4th 969, 980-981, 986. "Restitution is not the primary object of a PAGA action, as it is in most class actions." *Franco v. Athens Disposal Co., Inc.* (2009) 171 Cal.App.4th 1277,1300 (emphasis added). Rather, a PAGA action is "fundamentally a law enforcement action designed to protect the public and penalize the employer for past illegal conduct." *Id*. Prior to the enactment of PAGA, the California Legislature determined that it lacked adequate financing to enforce California labor laws and in order "to achieve maximum compliance with state labor laws," it declared that it was in the public interest to allow employees, acting as private attorneys general, to recover civil penalties that otherwise would have been assessed and collected by the LWDA. *Arias*, 46 Cal.4th at 980-981.

Labor Code § 2699(s)(2) provides that the Superior Court shall review and approve any settlement of any civil action filed pursuant to the PAGA. Although PAGA actions bear a superficial resemblance to a type of class action, there are several factors distinguishing representative PAGA actions and class actions. First a representative action under PAGA is fundamentally a law enforcement action designed to protect the public and penalize the employer for past illegal conduct. See *Franco v. Athens Disposal Co., Inc*., (2009) 171 Cal. App. 4th 1277, 1300. The purpose is not to collect damages on behalf of other employees or provide restitution to victims of Labor Code violations. *Id*. ("Restitution is not the primary object of a PAGA action, as it is in most class actions."). Moreover, there is no requirement that the Court apply the same level of scrutiny in approving a PAGA settlement as it does with class actions. Indeed, the California Supreme Court has held that an employee who sues an employer under the PAGA need not satisfy class action requirements. *Arias*, 46 Cal. 4th at 974. For example, "PAGA has no notice requirements for unnamed aggrieved employees, nor may such employees opt out of a PAGA action." *Baumann v. Chase Inv. Servs. Corp.,* 747 F.3d 1117, 1122 (9th Cir. 2014).

A. The LWDA Did Not Investigate Plaintiff's PAGA Claims

The Labor Code requires that a proposed PAGA settlement be sent to the LWDA at the same time that it is submitted to the Superior Court for review and approval. Lab. Code § 2699(l)(2). However, the Labor Code does not authorize the LWDA to interfere with, obstruct, object, or otherwise impede a request for approval of a PAGA settlement. Indeed, the time for the LWDA to comment on a settlement is during the short window in which it must inform the aggrieved employee that it declines to investigate. Lab. Code § 2699.3(a)(2)(B). Once that window shuts, the aggrieved employee is deputized to act on behalf of the LWDA in a civil action.

The Labor Code is clear that all that is required to obtain court approval of a PAGA settlement is for the proposed settlement to be sent to the LWDA. Lab. Code § 2699(l)(2). Here, the LWDA had opportunity to investigate and obtain civil penalties by citation after Plaintiff submitted her PAGA notice to the LWDA. Emran Decl. ¶ 4-5, <u>Ex. A</u> and <u>Ex. D</u> to Emran Decl. "If the [LWDA] intends to investigate the alleged violation, it shall notify the employer and the aggrieved employee or representative by certified mail of its decision within 65 calendar days of the postmark date of the notice." Lab. Code § 2699.3(a)(2)(B). Plaintiff filed her Complaint after the LWDA declined to investigate her claims. Emran Decl. ¶ 5-6, <u>Ex. B</u> and <u>Ex. D</u> to Emran Decl. All that is required now regarding LWDA involvement is for the requisite documentation to be submitted to the LWDA pursuant to Labor Code § 2699(s)(2) which Plaintiff's counsel has completed. Emran Decl. ¶ 9; <u>Ex D</u> to Emran Decl.

B. Plaintiff Submitted a Copy of the Settlement to the LWDA

Labor Code § 2699(s)(2) requires that any proposed settlement of a PAGA action be submitted to the LWDA. Plaintiff completed this requirement by submitting a copy of the PAGA Settlement to the LWDA through its online submission at the same time this was submitted to the court. Emran Decl. ¶ 9; Ex D to Emran Decl.

C. This Settlement is Fair, Adequate, and Reasonable

A plaintiff suing under PAGA does so as the proxy or agent of the State of California to enforce labor laws on behalf of the state's law enforcement agencies. *Iskanian v. CLS Transportation Los Angeles, LLC* (2014) 59 Cal.4th 348, 380-381. As a result of Plaintiff's Counsel's efforts, Plaintiff's PAGA action undoubtedly achieved the primary objective of a PAGA action when Plaintiff's Counsel supplemented the State of California's enforcement action by filing the PAGA complaint on the behalf of Plaintiff and the State of California and utilizing its law firm's resources to litigate the action against the Defendants in an effort to compel maximum compliance with California labor laws. See *Arias*, supra, 46 Cal.4th at 980-981.

A presumption of fairness exists as the Settlement was reached through extensive, mediated arm's-length negotiations; sufficient investigation and discovery allowed Plaintiff's counsel to act intelligently, and Plaintiff's counsel is experienced in similar wage-and-hour litigation. *Dunk v. Ford Motor Company* (1996) 48 Cal. App 4th 1794, 1802. Additionally, settlement approval is appropriate as the proposed Settlement is fair, adequate, and reasonable to Plaintiff and the Aggrieved Employees.

The Parties participated in mediation the highly regarded Mediator Mr. Michael Mandel who managed the Parties' expectations and provided a useful, neutral analysis of the issues and risks to both sides. Emran Decl. ¶ 19. (*In re Apple Computer, Inc. Derivative Litig,* No. C 06-4128 JF (HRL), 2008 U.S. Dist. LEXIS 108195 (N.D. Cal. Nov. 5, 2008) (mediator's participation weighs considerably against any inference of a collusive settlement); *D'Amato v. Deutsche Bank* (2d. Cir. 2001) 236 F.3d 78, 85 (a "mediator's involvement in pre-certification settlement negotiations helps to ensure that the proceedings were free of collusion and undue pressure."). The Settlement is a compromise by both parties and reached after a day of informed, non-collusive, arms-length negotiation and a result of a mediator's proposal. Emran Decl. ¶ 19. The Settlement reflects a reasonable assessment of the risks for each, as well as the recognition that continued litigation will cause extensive and costly discovery for all parties and further litigation would cause inconvenience, distraction, disruption, delay and expense disproportionate to the potential benefits of litigation. Emran Decl. ¶ 19.

Counsel in this action is of opinion that Settlement for the consideration and on the terms set forth in the Settlement Agreement is fair, reasonable, and adequate and is in the best interest of Plaintiff and other Aggrieved Employees in light of all known facts and circumstances reasonably considering the nature and magnitude of the claims being settled, and the role of judicial discretion, and the various potential impediments to recovery. Emran Decl. ¶ 20. Plaintiff and Plaintiff's counsel conducted a thorough investigation into the facts of the Action, including by informal discovery exchange which requested information from Defendants in order to evaluate the potential damages and for respective counsel to engage in meaningful mediation with the assistance of Mr. Michael Mandel. Emran Decl. ¶ 21. In addition to informal discovery, document review, interviewing Aggrieved Employees, data analysis and legal research including multiple exchanges with BCG to identify all claims, and research similar cases. Emran Decl. ¶ 21. Although no two cases are identical, this research provided Plaintiff's Counsel with a marker to inform settlement discussions and, ultimately, to measure this settlement against. Emran Decl. ¶ 21. The investigation allowed Plaintiff's Counsel to realistically assess the value of Plaintiff's claims and intelligently engage defense counsel in settlement discussions that culminated in the proposed settlement now before the Court. Emran Decl. ¶ 21.

Approval of the Parties' Settlement Agreement is warranted because counsel for all Parties agree that the amount allocated for civil penalties under PAGA, currently estimated to be at least Fourteen Thousand Three Hundred Eighty Five Dollars and Zero Cents ($14,385.00), is fair and reasonable considering Defendants' compliant employment policies and practices PAGA period, the settlement was negotiated as part of an informed, non-collusive, arms-length negotiation following mediation with Mr. Michael Mandel, the uniqueness of Plaintiff's injuries which may have undermined her individual and representative claim, the ability for alleged "aggrieved employees" to bring their own claims for non-PAGA claims, the consideration of 16 aggrieved employees, and 472 total pay periods impacted by the Settlement, and Plaintiff's counsel risk of obtaining full recovery of claimed PAGA penalties in light of Defendants' disclosures. Emran Decl. ¶ 23. This amount is large enough to punish Defendants for alleged previous violations and to deter such alleged conduct in the future and still allows Aggrieved Employees to seek recovery of any individual claims they may have. Emran Decl. ¶ 23.

Continuing to litigate this action would require continued and extensive resources coupled with significant Court time to proceed through trial and post-trial motions; which can often take years. Emran Decl. ¶ 24. Furthermore, wage and hour litigation is complex and expensive, as it often necessitates extensive expert testimony, particularly with regards to damages. Emran Decl. ¶ 24. But even if Plaintiff is successful at trial, Plaintiff is acutely aware that a judgment does not end the litigation. Plaintiff fully expects that Defendant would appeal any favorable judgment. Emran Decl. ¶ 24. As demonstrated by *Magadia*, 999 F.3d 668, the risk of an appeal and subsequent reversal is real. Emran Decl. ¶ 24.

Here, both Parties' counsel has experience in employment litigation, specifically PAGA litigation, and conducted an extensive investigation of the factual allegations involved in this case. Emran Decl. ¶ 22. Each side has apprised the other, informally of their respective factual contentions, legal theories and defenses, resulting in extensive arms-length negotiations taking place among the Parties. Emran Decl. ¶ 22. Accordingly, the Parties respectfully request the Court approve the PAGA Settlement Agreement and this Motion.

D. The Requested Attorneys' Fees and Costs are also Reasonable.

1. Legal Standard for Attorneys' Fee Awards in Representative Actions

PAGA allows a prevailing plaintiff to obtain attorneys' fees and costs. Cal. Lab. Code § 2699(g). The U.S. Supreme Court has recognized that "a lawyer who recovers a common fund for the benefit of persons other than himself or his client is entitled to a reasonable attorney's fee from the fund as a whole." *Boeing Co. v. Van Gemert* (U.S. 1980) 444 U.S. 472, 478. *Accord, Serrano v. Priest [Serrano III]* (1977) 20 Cal.3d 25, 38 (trial courts have equitable power to award attorneys' fees and costs when a litigation proceeding in a representative capacity secures a substantial benefit).

The purpose of the "common fund doctrine" is not only to reward effective legal advocacy but to "spread litigation costs proportionally among all of the beneficiaries" preventing unjust enrichment. *Vincent v. Hughes Air West, Inc.* (9th Cir. 1977) 557 F.2d 759, 769. Both state and federal courts in California have embraced the common fund doctrine. *E.g, Roos v. Honeywell Internat., Inc*. (2015) 241 Cal.App.4th 1472, 1490.

California courts routinely award attorneys' fees equaling one-third *or more* of the potential value of the common fund. *See Laffitte v. Robert Half Internat., Inc.,* 1 Cal. 5th 480 (2016) (affirming a fee award representation one-third of the common fund). In *Laffitte v. Robert Half Internat., Inc., the* California Supreme Court "join[ed] the overwhelming majority of federal and state courts in holding that when class action litigation establishes a monetary fund for the benefit of the class members, and the trial court in its equitable powers awards class counsel a fee out of that fund, the court may determine the amount of a reasonable fee by choosing an appropriate percentage of the fund created." *Laffitte v. Robert Half Internat., Inc.* (2016) 1 Cal. 5th 480, 503. Plaintiff submits that this guidance should equally apply to representative actions under PAGA.

In Plaintiff's view, *Lafitte* stands for the proposition that a trial judge may rely on his or her discretion and utilize either the percentage method, the lodestar method, or both to calculate a reasonable attorney's fee. Furthermore, should a lodestar crosscheck be elected, the trial court does not abuse its discretion whether it chooses to "perform[] the cross-check using counsel declarations summarizing overall time spent" or opts to do a more detailed analysis of daily time sheets. *Id.* at 505. Indeed, "[t]he choice of a fee calculation method is generally one within the discretion of the trial court, the goal…being the award of a reasonable fee to compensate counsel for their efforts." *Id*. at 504. *Laffitte* affirmed a fee award representing 33 and 1/3 percent of the fund. *Laffitte*. *Id.* at 506. And this was based on a lodestar amount that required a multiplier of 2.13. *Id.* at 487. As the Court held, only when the multiplier is "extraordinarily high or low [should] the trial court [] consider whether the percentage method should be adjusted so as to bring the imputed multiplier within a justifiable range." *Id.* at 505.

2. <u>35% of the Net Settlement Amount and the Request Costs Reimbursement Are Appropriate and Should be Awarded.</u>

"While the percentage method has been generally approved in common fund cases, courts have sought to ensure the percentage fee is reasonable by refining the choice of a percentage or by checking the percentage result against a lodestar- multiplier calculation." Laffitte, *supra*, 1 Cal.5th 480, 494-495.

Plaintiff's Counsel took this matter on a contingency fee basis and invested significant time and expense successfully prosecuting Plaintiff's individual and representative claims. Emran Decl. ¶ 25. Considering the positive outcome for the Aggrieved Employees, and in light of the supporting authority, the proposed Attorneys' Fees and Expenses are fair and reasonable. Emran Decl. ¶ 25. The requested percentage fee is reasonable and should be awarded as confirmed by relevant case law and when compared with counsel's lodestar. Plaintiff's counsel requests 35% fee or Thirteen Thousand One Hundred Twenty-Five ($13,125.00). This is not an "extraordinarily high or low" multiplier, so the Court is not compelled to adjust the percentage fee request in order to get the multiplier to a "justifiable range." *Laffitte* 1 Cal. 5th at 505. Defendants additionally agreed to PAGA Counsel Litigation Expenses Payment of not more than Eight Thousand Dollars and Zero Cents ($8,000.00). Emran Decl. <u>Ex. C</u> ¶ 3.2.1

In defining a reasonable fee, the Court should mimic the marketplace for cases involving a significant contingent risk such as this one. Emran Decl. ¶ 27. Our legal system places unique reliance on private litigants to enforce substantive provisions of employment law through PAGA actions. Emran Decl. ¶ 27. Therefore, attorneys providing these substantial benefits should be paid an award equal to the amount negotiated in private bargaining that takes place in the legal marketplace. Emran Decl. ¶ 27.

There is a substantial difference between the risk assumed by attorneys being paid by the hour and attorneys working on a contingent fee basis. Emran Decl. ¶ 28. The attorney being paid by the hour can go to the bank with his or her fee while the attorney working on a contingent basis can only log hours while working without pay towards a result that will hopefully entitle him or her to a marketplace contingent fee taking into account the risk and other factors of the undertaking. Emran

Decl. ¶ 28. Otherwise, the contingent fee attorney receives nothing. Emran Decl. ¶ 28. In this case, PAGA Counsel subjected themselves to this contingent fee market risk in this all or nothing contingent fee case wherein the necessity and financial burden of private enforcement makes the requested award appropriate. Emran Decl. ¶ 28. The contingent fee practices of PAGA Counsel do not accommodate the investment of unnecessary time in a case. Emran Decl. ¶ 28. This case was litigated on a contingent basis with all of the concomitant risk factors inherent in such an uncertain undertaking. Emran Decl. ¶ 28.

A number of difficult issues, the adverse resolution of any one of which could have doomed the successful prosecution of the action, were present here. Emran Decl. ¶ 29. Attorneys' fees in this case were not only contingent but risky, with a very real chance that PAGA Counsel would receive nothing at all for their efforts, having devoted time and advanced costs. Emran Decl. ¶ 29. PAGA Counsel has previously invested in cases which resulted in no recovery. Emran Decl. ¶ 29.

At the time this case was brought, the result was far from certain. Emran Decl. ¶ 30. Defendants' practice at issue here had been in place for years. Emran Decl. ¶ 30. A number of defenses asserted by Defendants presented serious threats to Plaintiff's claims and Plaintiff's ability to stand as a PAGA representative and created difficulties with complex legal issues for PAGA Counsel to overcome. Emran Decl. ¶ 30. Defendants asserted that the employment practices complied with all applicable Labor Laws. Emran Decl. ¶ 30. Defendants further asserted Plaintiff's injuries were individualized and unique due to her position in the reception area. Emran Decl. ¶ 30. Before and during the mediation, Defendant aggressively argued that Defendant's policies and culture afforded the Aggrieved Employees an opportunity to take timely meal and rest breaks, and that employees like the Plaintiff chose not to take compliant breaks. Emran Decl. ¶ 30. Because Plaintiff's claims were largely based on the missed breaks, and because Defendant's policies were, on their face compliant, this presented a very real concern for Plaintiff and the Aggrieved Employees. Emran Decl. ¶ 30. Defendants argued the caselaw under PAGA grants the Court discretion to reduce or forego penalties for such "technical" violations. Emran Decl. ¶ 30. Finally, the typical ebb and flow of business means employees generally have slow periods during which they take breaks to play on their phones, go out for a smoke, or both, over the course of the shift. Emran Decl. ¶ 30. If successful, this defense could eliminate or substantially reduce any recovery to the Aggrieved Employees. Emran Decl. ¶ 30. While Plaintiff believes that this defense, and others, could be overcome, Defendant maintain these defenses have merit and therefore present a serious risk to recovery. Emran Decl. ¶ 30.

The Settlement was possible only because PAGA Counsel was able to persuade Defendants that there was an appreciable risk that PAGA Counsel would prevail on the factual and legal issues underlying liability as to the failure to pay all overtime wages, demonstrate Plaintiff's injuries to collect on behalf of the Aggrieved Employees and the LWDA, and overcome difficulties in proof as to monetary relief. Emran Decl. ¶ 31. In successfully navigating these hurdles so as to convince Defendants to settle, PAGA Counsel displayed skills consistent with those that might be expected of attorneys of comparable employment and PAGA experience. Emran Decl. ¶ 31.

PAGA Counsel was required to advance all costs in this litigation. Emran Decl. ¶ 32. The financial burdens undertaken by PAGA Counsel in prosecution this action on behalf of the LWDA and Aggrieved Employees were very substantial. Emran Decl. ¶ 32. To date, PAGA Counsel has advanced more than $7,808.97 in costs which could not have been recovered if this case had been lost. Emran Decl. ¶ 32. These litigation expenses include the expenses reasonably incurred for filing fees, mediation fees, expert fees, postage, and litigation support vendors, all of which are costs normally billed to and paid by the client. Emran Decl. ¶ 32. Plaintiff and PAGA Counsel undertook the risk of liability for Defendants' costs had this case not succeeded, as well as other potential negative financial ramifications from having come forward to sue Defendants on behalf of the Aggrieved Employees. Emran Decl. ¶ 32. Accordingly, the contingent nature of the fee and financial burdens on PAGA Counsel support the requested award. Emran Decl. ¶ 32.

In this case, the reasonableness of the requested attorneys' fee of 35% of the Gross Settlement Amount equaling Thirteen Thousand One Hundred Twenty-Five ($13,125.00) is established by reference to PAGA Counsel's lodestar in this matter. Emran Decl. ¶ 33. The contemporaneous billing records for PAGA Counsel evidence that as of the date of Plaintiff's counsel declaration exceed $14,098.70 with additional fees still to be incurred. Emran Decl. ¶ 33. The requested fee award is therefore within close proximity to PAGA Counsel's overall lodestar. Emran Decl. ¶ 33.

As a result, this Court should appropriately conclude that an award which compares favorably to PAGA Counsel's overall lodestar is fair and reasonable and is justified under California law. Emran Decl. ¶ 33.

The charges are reasonable and were reasonably necessary to the conduct of the case. Emran Decl. ¶ 34; Ex. E to Emran Decl. From approximately August 2024 and July 2025, PAGA Counsel has worked more than 131.62 hours prosecuting these claims with the attorneys' hourly fee rates for attorneys between $450 per hour and $550 per hour, resulting in current attorneys' fees equaling $14,098.70, with additional time and costs expected including attending the hearing for this Motion, coordinating administration, finalizing the orders and judgment, monitoring completion of the settlement process, and any subsequent compliance hearings. Emran Decl. ¶ 34; Ex. E to Emran Decl. PAGA Counsel's additional work, estimated to add an additional $5,000 - $10,000 in attorneys' fees, brings the multiplier down even lower. Emran Decl. ¶ 34. PAGA Counsel's rates are in line with the prevailing rates of attorneys in the local legal community for similar work and, if this were a commercial matter, these are the charges that would be made and presented to the client. Emran Decl. ¶ 34. These hourly rates have been approved by Court's throughout California, including those in the Superior Court of California. Emran Decl. ¶ 34.

Plaintiff and the Aggrieved Employees are represented by competent and experienced counsel to pursue their claims. Emran Decl. ¶ 35. PAGA Counsel have extensively litigated similar labor law cases against other employers on behalf of aggrieved employees. Emran Decl. ¶ 38. PAGA Counsel must be extremely familiar and knowledgeable with wage and hour laws, litigation practices, case law, policy, statutory construction, employer practices, employee needs, employee working conditions, and more. Emran Decl. ¶ 38. With this learned knowledge, PAGA Counsel must strategize which cases to settle pre-litigation or post-litigation, which to mediate, and which cases to take to trial. Emran Decl. ¶ 38. It is this level of experience which enabled the firms to undertake the instant matter and to successfully combat the resources of the defendant and their capable and experienced counsel. Emran Decl. ¶ 38. PAGA Counsel strongly believes in the vigorous prosecution of our cases, including this case, for the best interest of our clients, and any aggrieved employees. Emran Decl. ¶ 38. Plaintiff's counsel undertook this matter purely as a contingency fee case. Emran Decl. ¶ 40. In other words, Plaintiff's counsel will not receive any compensation unless there is a cash recovery. Emran Decl. ¶ 40. Plaintiff was asked or required to pay Plaintiff's counsel any money unless there is a recovery on her behalf. Emran Decl. ¶ 40.

The requested fee award, agreed to by the parties as part of the Settlement, should be approved. Emran Decl. ¶ 39. The requested fee award was bargained for during arms' length adversarial bargaining by counsel for each of the parties as part of the Settlement. Emran Decl. ¶ 39. Accordingly, Plaintiff respectfully requests the Court approve PAGA Counsel Fees Payment.

V. <u>CONCLUSION</u>

Based on the foregoing, the Parties respectfully request the Court grant this motion and approve the Parties' Settlement Agreement.

EMRAN LAW FIRM P.C.

DATED: September 18, 2025

By: *Harris Emran*
Harris Emran
Attorney for Plaintiff and the AGGRIEVED EMPLOYEES