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SUPERIOR COURT OF CALIFORNIA

IN AND FOR THE COUNTY OF SAN DIEGO

TERESA CARDENAS, on behalf of the State of California and all Aggrieved Employees, Plaintiff, v. SHIELDS SKILLED CARE LLC, a California Limited Liability Company; and DOES 1-100, inclusive, Defendants.	CASE NO. 24CU025473C Assigned for All Purposes to: Hon. Joel Wohlfeil Dept. C-73 MEMORANDUM OF POINTS & AUTHORITIES IN SUPPORT OF MOTION FOR APPROVAL OF SETTLEMENT UNDER PRIVATE ATTORNEYS GENERAL ACT Date: May 22, 2026 Time: 9:00 a.m. Dept.: C-73 Reservation No.: 100517

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I. INTRODUCTION

Plaintiff Teresa Cardenas hereby seeks Court approval of a proposed settlement of claims brought under the Private Attorneys General Act ("PAGA") against defendant Shields Skilled Care LLC ("Shields" or "Defendant"). Consistent with PAGA, the proposed settlement releases claims under PAGA only and has no impact on the individual claims of any allegedly aggrieved employee other than Plaintiff. Since the settlement resolves nothing more than claims under PAGA, it requires only a one-step review and approval process by the Court, and for the reasons discussed below, the proposed settlement is fair, reasonable, and adequate, and advances the statutory purposes of PAGA. Plaintiff respectfully requests the Court approve the Settlement in its entirety.

II. BACKGROUND

Defendant Shields owns/operates skilled nursing care centers in California. Plaintiff Cardenas worked for Shields at its Covenant Post Acute facility in Fresno, California, as a cook. [Declaration of Chad Saunders ("Saunders Decl."), ¶ 4.]

After notice to the LWDA and Defendant, and exhausting administrative remedies, on November 27, 2024, Plaintiff commenced this action by filing her complaint alleging claims for PAGA civil penalties against Defendant for the following alleged wage and hour violations: (a) failure to pay all wages due, including minimum and overtime wages; (b) failure to provide meal and rest periods; (c) failure to provide complete and accurate wage statements; (d) failure to reimburse expenses, and (e) failure to pay wages due on separation of employment. Plaintiff filed the matter on behalf of himself and on behalf of the Aggrieved Employees defined to include all individuals employed by Shields as non-exempt employees within the State of California during the PAGA Period. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the claims alleged. [Saunders Decl., ¶ 5; Exh. 2.]

Once the case was at issue, the Parties began meeting and conferring regarding discovery, potential law and motion, and other case management issues, and eventually agreed to attempt early mediation. They also agreed to and did informally exchange information to permit both sides to evaluate Plaintiff's allegations. Through this informal discovery, Defendant provided Plaintiff with information including, inter alia, Plaintiff's personnel file, the number of potential Aggrieved Employees, the number of aggregate pay periods, pay stubs and time records for a sampling of the Aggrieved Employees, and relevant policy documents regarding Defendant's time keeping and reporting policies and meal and rest break policies, among other pertinent materials. [Saunders Decl., ¶ 6.]

In August 2025, the Parties mediated the case with Jeffrey Fuchsman, Esq., a respected professional neutral with extensive class action/wage and hour experience. Before and during the mediation, Plaintiff and her counsel analyzed, researched, and investigated the potential issues, including matters related to the calculation of damages, trial, and appellate issues and risks. During mediation, the Parties vigorously debated the likelihood of Plaintiff's ability to proceed on a representative basis as to the PAGA claims, the legal grounds for Plaintiff's claims and Defendant's defenses, and the Parties' data analyses and conclusions based on data provided by Defendant. After a contentious day of negotiations, the Parties failed to reach an agreement but ultimately accepted a mediator's proposal shortly thereafter. The Parties subsequently formalized their tentative settlement in the Settlement Agreement now before the Court for approval. [Saunders Decl., ¶ 7.] A fully executed, true and correct copy of the Joint Stipulation of PAGA Settlement Agreement ("Settlement Agreement") is attached to the Saunders Declaration as Exhibit 1.

III. SUMMARY OF SETTLEMENT TERMS

A. SETTLEMENT TERMS AND DISTRIBUTION OF PAGA PENALTIES

Under the settlement, Defendant will pay a non-reversionary settlement amount of $185,000 (the "Gross Settlement Amount" or "GSA"). The GSA is inclusive of payments to the LWDA and Aggrieved Employees, costs of settlement administration (estimated at no more than $4,490.00), and reasonable attorney's fees and costs.[1] After payment of settlement administration

[1] Plaintiff's counsel requests attorney's fees equal to 1/3 of the GSA ($61,667.00) and costs of $13,023.24. Plaintiff requests a service award of $10,000. [Saunders Decl., ¶ 8.]

costs, Plaintiff's service award, and reasonable attorney's fees and costs from the GSA, Plaintiff presently estimates about $95,819.76 will remain (the "Net Settlement Amount" or "NSA"). Sixty-five percent of the NSA (about $62,282.84) will go to the LWDA, and the remaining 35% (about $33,536.92) will be distributed to the Aggrieved Employees in proportion to the total number of Pay Periods each individual worked during the PAGA Period, with an average award currently estimated at about $91.38 per individual. [Saunders Decl., ¶ 8.]

B. PAYMENT AND THE NOTICE

The Parties propose using Apex Class Action, LLC as the Settlement Administrator. Apex has extensive experience administering PAGA settlements, and has agreed to cap its fees at $4,490.00. [Declaration of Michael Sutherland, ¶¶ 2-9; Exhs. A-B.] Shields will fund the GSA within 30 days of the Effective Date, and within 14 days of funding Apex will mail a Notice and settlement check to all Aggrieved Employees via regular First-Class U.S. Mail, using the most current, known mailing addresses identified in Shields's records. Aggrieved Employees need not submit claim forms and will automatically receive a Notice and settlement check. Settlement checks will be negotiable for 180 days, after which time any unclaimed residual funds will be forwarded to the California State Controller's Unclaimed Property Fund. [Saunders Decl., ¶ 9.]

C. THE RELEASE

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 Court (2009) 46 Cal.4th 969, 985-86. Accordingly, the release in the Settlement Agreement narrowly releases only civil penalty claims brought under PAGA. Under Arias, the order the Parties request the Court enter is intended to be "binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding." The Settlement Agreement protects the rights of the Aggrieved Employees to bring their own individual claims should they wish. For these reasons, the Parties contend the release narrowly applies only to the PAGA claims alleged, and the Settlement Agreement specifically provides the Release is inapplicable to any claims other than those brought under PAGA. [Saunders Decl., ¶ 10.]

IV. THE SETTLEMENT IS FAIR, ADEQUATE AND REASONABLE, FURTHERS THE PURPOSES UNDERLYING PAGA, AND WARRANTS APPROVAL

PAGA requires the Court to "review and approve any settlement of any civil action filed pursuant to this part." Labor Code § 2699(*l*)(2). Recently, the appellate court in Moniz v. Shields USA, Inc. (2021) 72 Cal.App.5th 56, defined the standard for courts to apply when reviewing settlements under PAGA. The court held a trial court must ensure that the settlement is "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." Id. at 77.

In so holding, Moniz noted many federal district courts had imported class action settlement approval principles when evaluating PAGA settlements, demanding that PAGA settlements be "fair, reasonable, and adequate," and weighing factors such as "the strength of the plaintiff's case, the risk, the stage of the proceeding, the complexity and likely duration of further litigation, and the settlement amount[.]" Id. at 75-76 (collecting cases). Observing that "PAGA's purpose" is to "protect the public interest"—especially the allegedly Aggrieved Employees—the Court agreed with this district court authority, concluding that much the same principles that ensure fairness in class action settlements serve the public interest in the PAGA context. Essentially, these factors are more or less identical to those California courts use to evaluate class action settlements per Kullar v. Foot Locker Retail, Inc. (2008) 168 Cal.App.4th 116 and, accordingly, Plaintiff submits they should inform the Court's analysis as well. For the reasons below, the proposed settlement is fair, reasonable and adequate, advances the purposes underlying PAGA, and should be approved.

A. NATURE OF THE ALLEGED VIOLATIONS

Plaintiff first contends Defendant failed to pay all wages due to being required to work "off the clock" and without compensation. Here, Plaintiff alleges that employees at the Covenant facility, particularly cooks and other kitchen staff, frequently had to work from 15-30 minutes per shift off the clock in order to meet the timing deadlines, and would need to arrive at work prior to the beginning of their shifts to start their tasks while off the clock. She further alleges Defendant's supervisors were aware of this work and did nothing to prevent it. As a result, Plaintiff alleges employees were not paid for all "hours worked," as that phrase is defined in the Wage Order and interpreted by California courts. Wage Order No. 5, subd. 2(K); see also *Mendiola v. CPS Security Solutions, Inc*. (2015) 60 Cal.4th 833. [Saunders Decl., ¶ 11.]

Plaintiff also alleges that she and the aggrieved employees did not receive compliant meal periods. Here, she alleges that although the time records show that employees clocked out for meal periods that generally lasted for 30 minutes, in reality they were not permitted to take meal breaks on a regular basis largely due to alleged understaffing. Plaintiff argues the Pay Com time records produced for Plaintiff and other Aggrieved Employees reflect adjustments to employee meal punches, suggesting that Defendant added meal break punches for breaks that were not taken, or otherwise manipulated time punches. As a result, Plaintiff contends employees were pressured to work through their breaks to complete their work, or had their meal breaks regularly interrupted or cut short. Even putting aside the alleged editing of time records, Plaintiff's experts review of the time records provided suggested a 30.5% unique violation rate for meal periods, i.e. nearly a third of all pay periods showed a facial meal period violation for which a premium was not paid. [Saunders Decl., ¶ 12.]

Plaintiff similarly contends Defendant failed to provide Plaintiff and the Aggrieved Employees with compliant rest periods for essentially the same reasons, Here, Plaintiff and Aggrieved Employees did not receive rest breaks for the same reasons they did not receive compliant meal breaks, i.e. the pressure to complete their work within specific timeframes and the lack of coverage due to understaffing. For the purposes of mediation, Plaintiff assumes that each employee did not receive at least one rest break they were entitled to per pay period, resulting in a 100% violation rate. Per Plaintiff, the pay records suggest Defendant did not pay a single rest period premium. [Saunders Decl., ¶ 13.]

Next, Plaintiff alleges Defendant violated Labor Code section 2802 and failed to properly reimburse employees for their expenses, including use of personal cell phones. Here, Plaintiff claims Shields required employees to submit a request for reimbursement within 30 days, and that requests for reimbursement were denied as untimely and that aggrieved employees incurred business expenses that were not reimbursed due to not submitting a request. These expenses include the costs of using personal cell phones for work-related purposes. Cochran v. Schwan's Home Serv., Inc. (2014) 228 Cal.App.4th 1137, 1145. *P*er Plaintiff, these requirements placed improper restrictions on employees' ability to receive reimbursement and violated the Labor Code, particularly since Shields was aware of the need for reimbursement. Stuart v. Radioshack Corp. (N.D. Cal. 2009) 641 F.Supp. 2d 901 (focus is not on whether an employee makes a request for reimbursement but rather on whether the employer either knows or has reason to know that the employee has incurred a reimbursable expense). [Saunders Decl., ¶ 14.]

Plaintiff also brings claims failure to provide accurate itemized wage statements, including both facial and derivative violations. On the facial violations, Plaintiff alleges wage statements failed to provide the correct address of the legal entity that is the employer under Labor Code § 226(a)(8), and instead identified an address in Escondido that was unaffiliated with either Defendant's headquarters or the location in Fresno where Plaintiff actually worked. Finally, Plaintiff also alleges derivative claims for failure to pay all wages due and owing upon separation of employment under Labor Code §§ 201-203. [Saunders Decl., ¶ 15.]

B. NUMBER OF ALLEGED VIOLATIONS AND POTENTIAL PENALTIES

For mediation, Shields indicated it employed approximately 367 non-exempt employees in California during the relevant time frame, and these individuals worked approximately 6,543 pay periods during that time. Based on the data provided by Defendant, Plaintiff estimated Defendant’s maximum PAGA exposure at approximately $2,837,300 including approximately $654,300 on the unpaid wage/off the clock claims, about $199,600 on the meal period claims, $654,300 on the rest period claims, $654,300 on the expense reimbursement claims, $654,300 on the wage statement claims, and about $20,500 in civil penalties for failing to timely pay wages on separation of employment. [Saunders Decl., ¶¶ 16-17.]

C. THE SETTLEMENT MEETS THE KULLAR FACTORS, INCLUDING THE STRENGTH OF PLAINTIFF’S CASE, THE DISCOVERY PERFORMED, AND AMOUNT OFFERED IN SETTLEMENT

In response to Plaintiff’s unpaid wage/rounding claim, Shields argued its timekeeping and payroll policies fully comply with California and that it paid Plaintiff and the Aggrieved

Employees for all hours worked the correct rates of pay. Defendant further emphasized its policies strictly prohibited off the clock work, and if any such work occurred it was done in violation of company policy and without management's approval or knowledge. White v. Starbucks Corp. (N.D. Cal. 2007) 497 F.Supp.2d 1080, 1083 (employer must have actual or constructive knowledge of the off the clock work) [Saunders Decl., ¶ 18.]

On the meal break claims, Shields offered multiple defenses. First, it emphasized it authorized and permitted all necessary breaks, and that employees received full uninterrupted lunch periods as reflected in Defendant's time records. Defendant further argued that even to the extent meal or rest breaks were missed or arguably non-compliant, it was in violation of company policy and aberrational, and would require significant individual inquiries to determine the reasons underlying any such alleged violations and whether it was by employee choice or some other reason. Thus, per Defendant, any trial on this issue would be unmanageable because of these individualized issues. [Saunders Decl., ¶ 19.]

As with meal breaks, Defendant argued the applicable rest break policies complied with California law, and that it authorized and permitted employees to take all required breaks. Further, per Defendant, in light of the fact that it is not required to maintain a record of rest periods, any evidence of failure to authorize rest periods and/or discouragement from taking rest periods would be purely anecdotal and individual issues would predominate on liability. This arguably would once again make a trial unmanageable since the number of instances an employee missed a rest break would have to be tested on a case by case basis to determine compliance. [Saunders Decl., ¶ 20.]

For the expense reimbursement claim, Shields argued its policies prohibited employees from being on their own phones while clocked in and working, and further that employees would rarely if ever need to even use a cell phone while performing their duties. Thus, per Defendant, if any such personal cell phone use did occur it would have been purely for personal convenience and therefore not reimbursable as a "reasonable" or "necessary" business expense. Defendant also emphasized that it had policies in place whereby employees could easily request reimbursement for any legitimate expenses incurred. [Saunders Decl., ¶ 21.]

On the alleged wage statement violations and alleged failure to timely pay final wages, since the claims are derivative they will rise or fall along with the primary claims, in addition to being subject to "good faith" and other defenses available to Defendant. Amaral v. Cintas Corp. No. 2 (2008) 163 Cal.App.4th 1157, 1203-04 (holding employer did not willfully fail to pay wages under Labor Code § 203 even though the class prevailed on the merits on the underlying claim for failing to pay living wages). Accordingly, Plaintiff had to discount the value of these claims significantly in light of these multiple potential defenses. Defendant also contended a substantial discount should be applied to the civil penalties for these derivative (i.e., "stacked") violations, as it would be unfair to penalize Defendant multiple times for the same violation. [Saunders Decl., ¶ 22.]

Defendant also emphasized PAGA gives the Court wide latitude to reduce the amount of civil penalties "based on the facts and circumstances of a particular case" if "to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory." Labor Code § 2699(h). Several state and federal courts in California have applied significant reductions to PAGA civil penalties even after plaintiffs prevailed on the merits. In Fleming v. Covidien (C.D. Cal. 2011) 2011 U.S. Dist. LEXlS 154590, *8-9, for instance, the district court reduced the potential penalties by over 82% after a bench trial. More recently, in Carrington v. Starbucks Corp. (2018) 30 Cal.App.5th 504, after a bench trial, the trial court awarded penalties of just $5 per pay period, a 90% reduction, which decision was upheld on appeal. In re Taco Bell Wage and Hour Actions (E.D. Cal. Apr. 8, 2016) 2016 U.S. Dist. Lexis 48557 (PAGA penalties denied after trial). [Saunders Decl., ¶ 23.]

Thus, Defendant raised various and multi-layered defenses to each of Plaintiff's claims, anyone of which, if successful, could have derailed Plaintiff's case. And Defendant vowed to raise all these defenses at trial. Accordingly, Plaintiff faced risky issues going forward with litigation, and it could have taken years to realize any recovery in this action along with the possibility of post-trial appeals. In additional to its merits defenses and arguing trial would be unmanageable, Defendant also intended to raise additional defenses on damages, including the proper measure of civil penalties and the appropriate discount to place on any assessment of such penalties. [Saunders Decl., ¶ 24.]

Although Plaintiff and her counsel believe they could have prevailed, there was no such guarantee. When the risks of overcoming a manageability defense, prevailing at trial on the merits on all claims, securing the maximum theoretical civil penalties, and appellate risks all are factored into the equation, the settlement value is reasonable and supported. Of course, to recover anywhere near the maximum penalties Plaintiff would have to shoot the moon and win both liability and maximum penalties on all claims for every single pay period at issue, which outcome, for the reasons discussed, is unlikely. In light of this, and given Defendant's various procedural and merits defenses, as well as the substantial penalty reductions ordered in the cases above – which occurred after trial – the proposed settlement is reasonable. [Saunders Decl., ¶ 25.]

Moreover, the recovery is in line with a number of other PAGA settlements approved by California courts. The amount further is in line with many other PAGA settlements that have received approval from courts in California. McLeod v. Bank of Am., N.A., No. 16-CV-03294-EMC, 2018 U.S. Dist. LEXIS 195314, 2018 WL 5982863, at *4 (N.D. Cal. Nov. 14, 2018) (finding $50,000 PAGA allocation for claims estimated at $4.7 million — approximately 1.1% — adequate); 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"); Hartley v. On My Own, Inc., 2020 WL 5017608, * 4 (E.D. Cal. Aug. 25, 2020) (approving settlement at 3.47% of verdict value of PAGA penalty, resulting in average payment per employee of $61); North v. Superior Hauling & Fast Transit, Inc., No. EDCV 18-2564 JGB (KKx), 2020 WL 12967997, at *4 (C.D. Cal. May 29, 2020) (approving settlement that included PAGA average payout of $21.01).

Importantly as well, the mere fact that a settlement does not provide the same recovery as might be achieved at trial is not a proper indicator of whether the settlement is fair, reasonable, and adequate. Wershba, 91 Cal.App.4th at 246, 250 ("even if the relief afforded by the proposed settlement is substantially narrower than it would be if the suits were to be successfully litigated, this is no bar to a class settlement because the public interest may indeed be served by a voluntary settlement in which each side gives ground in the interest of avoiding litigation"); 7-Eleven Owners for Fair Franchising v. Southland Corp. (2000) 85 Cal.App.4th 1135, 1150 ("The fact that a proposed settlement may amount to only a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved"); Lane v. Facebook, Inc. (9th Cir. 2012) 696 F.3d 811, 819 ("[T]he question whether a settlement is fundamentally fair . . . is different from the question whether the settlement is perfect in the estimation of the reviewing court"); White v. Experian Information Solutions, Inc. (C.D. Cal. 2011) 803 F.Supp.2d 1086, 1098 (rejecting contention settlement was not fair and reasonable even though it represented 99% discount off the maximum value of the claims).

In sum, when the risks of litigation, the burdens of proof necessary to establish liability, the probability of appeal of a favorable judgment, the Court's substantial discretion to reduce any penalty award all are accounted for, it is clear a settlement amount of $185,000 for the PAGA claims is within the ballpark of reasonableness, furthers the purposes underlying PAGA, and approval is appropriate.

V. SUBMISSION TO THE LWDA

Plaintiff timely served the LWDA with the Settlement Agreement and this Motion, and notified the LWDA of this approval hearing. [Saunders Decl., ¶ 26; Exh. 4.] Accordingly, the LWDA will be able to weigh in as necessary and, importantly, many courts find it persuasive of approval if the LWDA ultimately declines to offer any comment or objection to a proposed PAGA settlement. Echavez v. Abercrombie & Fitch Co., Inc. (C.D. Cal. Mar. 23, 2017) 2017 WL 3669607, at *3 (court inferred the LWDA's non-response as "tantamount to its consent to the proposed settlement terms, namely the proposed PAGA penalty amount."); Jennings, 2018 WL 4773057, at *9 ("Plaintiffs submitted the settlement agreement to the LWDA, and the LWDA has not objected to the settlement."); Jordan, 2018 U.S. Dist. LEXIS at *7 ("Additionally, the Court finds it persuasive that the LWDA was permitted to file a response to the proposed settlement and no comment or objection has been received.").

VI. PLAINTIFF'S REQUESTED SERVICE AWARD IS REASONABLE

Pursuant to the terms of the settlement, Plaintiff seeks a modest incentive award of $10,000 for her service in bringing these claims on behalf of the State and Aggrieved Employees. The request is reasonable given the risks she undertook, and by contacting and retaining counsel to pursue these claims, Plaintiff helped make this settlement possible for the absent Aggrieved Employees and LWDA, while shouldering the risk of being liable for Defendant's litigation costs. Plaintiff also exposed herself to unwanted notoriety related to filing a public lawsuit (discoverable even through a simple google search) for the benefit of other employees, placing each at risk of discrimination by future prospective employers. As set forth in more detail in her declaration filed herewith, among taking many other actions assisting in the successful litigation of this case, Plaintiff provided substantial factual information and documents to counsel, attended numerous meetings/phone conferences with counsel to discuss the case, and kept abreast of all significant developments. [Declaration of Teresa Cardenas, ¶¶ 2-9; Saunders Decl., ¶ 27.] Accordingly, the requested enhancement payment to Plaintiff is appropriate and justified as part of the settlement. Staton v. Boeing (9th Cir. 2003) 327 F.3d 938, 977 (collecting cases awarding class representatives service and incentive payments ranging from $2,000 to $25,000).

VII. THE REQUESTED FEES AND COSTS ARE FAIR AND REASONABLE

For their efforts and the contingent risk undertaken in obtaining a common fund settlement that benefits the LWDA and Aggrieved Employees, 1/3 of the gross settlement, or $61,667, is allocated to Plaintiff's counsel for reasonable attorney's fees, plus actual litigation costs of $13,023.24. These fees and costs are warranted under the law and within the range of fees commonly awarded in similar cases.

A. PLAINTIFF'S COUNSEL ARE ENTITLED TO RECOVER ATTORNEY'S FEES UNDER THE COMMON FUND DOCTRINE IN THIS QUI TAM ACTION

PAGA provides a Plaintiff is entitled to recover reasonable attorney's fees, expenses, and costs under Labor Code § 2699(g)(l): "Any employee who prevails in any action shall be entitled to an award of reasonable attorney's fees and costs, ..." As discussed below, reasonable attorney's fees and costs are typically awarded under the common fund doctrine in a *qui tam* such as this one, where, as here, the litigation creates a common fund of money in a specific amount for the benefit of others.

"A *qui tam* action is one brought under a statute that allows a private person to sue as a private attorney general to recover damages or penalties, all or part of which will be paid to the government." People ex rel. Stratham v. Acacia Research Corp. (2012) 210 Cal.App.4th 487, 491- 492. As our Supreme Court recently affirmed, a PAGA action is a *qui tam* action because the statute allows the employee plaintiff, acting as the proxy of the State's labor law enforcement agency, to sue his or her employer for Labor Code violations and recover civil penalties that otherwise could only be assessed and collected by the LWDA. Kim v. Reins Int'l California, Inc. (2020) 9 Cal.5th 73; Iskanian, 59 Ca1.4th at 380-82 ("[a] PAGA representative action is therefore a type of qui tam action"). Indeed, the majority of the civil penalties recovered in a PAGA action are paid to the State, with a smaller portion paid to the Aggrieved Employees (e.g. 65% paid to the state; 35% paid to the Aggrieved Employees). Lab. Code § 2699(i). As here, where a common fund is created in a *qui tam* action by the successful litigation of a plaintiff and his attorneys, the plaintiff's attorneys are entitled to recover their fees from the common fund. Bank of America v. Cory (1985) 164 Cal.App.3d 66, 89-91.

Through the successful efforts of Plaintiff and her attorneys here, a common fund was created in the amount of $185,000 for the benefit of the Aggrieved Employees and the State. Thus, these beneficiaries should bear their share of the costs and attorney's fees out of the overall $185,000 in civil penalties under the common fund theory. Boeing Co. v. Van Gemert (1980) 444 U.S. 472, 478-482; Six (6) Mexican Workers v. Arizona Citrus Growers (9th Cir. 1990) 904 F.2d 1301, 1311.

Not long ago, the California Supreme Court upheld the use of the common fund theory of recovery for attorney's fees in Laffitte v. Robert Half Int'l Inc. (2016) 1 Ca1.5th 480, 506. In Laffitte, the Supreme Court upheld an award of attorney's fees of one-third of the $19 million gross settlement (*e.g.*, awarded $6.33 million in fees) under the common fund theory of recovery. Lafitte is consistent with prior decisions recognizing "when a number of persons are entitled in common to a specific fund, and an action brought by ... plaintiffs for the benefit of all results in the creation or preservation of that fund, such ... plaintiffs may be awarded attorneys' fees out of the fund." Serrano v. Priest (1977) 20 Ca1.3d 25, 34; Boeing, 444 U.S. at 478 ("[A] lawyer who recovers a common fund ... is entitled to reasonable attorneys' fees from the fund as a whole]; Lealao v. Beneficial California, Inc. (2000) 82 Cal.App.4th 19, 26 ("[f]ee spreading occurs when a settlement or adjudication results in the establishment of a separate or so-called common fund for the benefit of the class").

Accordingly, the common fund doctrine allows a court to award attorney's fees based on a percentage of the total fund created when the fund consists of a "certain or easily calculable sum of money," and California law has long applied the percentage of the recovery method for awarding attorney's fees where a common fund is established. Serrano, 20 Ca1.3d at 34; Bell v. Farmers Ins. Exch. (2004) 115 Cal.App.4th 715, 726; Dunk v. Ford Motor Co. (1996) 48 Cal.App.4th 1794, 1809; Sanders v. City of Los Angeles (1970) 3 Ca1.3d 252, 261-63 (affirming award of attorney's fee based on percentage of recovery).

Awarding attorney's fees of one-third of gross common fund amount is favored by California courts when a fund established for the common benefit of others is involved, such as here. Accordingly, awarding fees on this basis out of the $185,000 GSA, for a total of $61,667, is reasonable and appropriate. [Saunders Decl., ¶¶ 28-49.]

B. A LODESTAR CROSS-CHECK CONFIRMS THE REASONABLENESS OF THE FEE AWARD

Despite the recognized limitations of the so-called lodestar method, some California and federal courts acknowledge the utility of a lodestar "cross-check" when assessing a proposed percentage-based fee award. Lealao, 82 Cal.App.4th at 46-47. Under the "lodestar multiplier" method of cross-checking proposed fee awards, the court first ascertains counsel's total "lodestar" amount by multiplying the number of hours reasonably expended by each attorney's reasonable hourly rate, and then enhances or reduces this lodestar figure by a "multiplier" to account for a range of factors, such as the novelty or difficulty of the case, its contingent nature, and the degree of success achieved. PLCM Group, Inc. v. Drexler (2000) 22 Ca1.4th 1084, 1095-96; Lealao, 82

Cal.App.4th at 43 (court has discretion to use a multiplier to ensure that the "fee awarded is within the range of fees freely negotiated in the legal marketplace in comparable litigation").

Here, Plaintiff's counsel's lodestar is approximately $122,745, based on 160.7 attorney hours spent litigating the case. [Saunders Decl., ¶¶ 32-48; Exh. 5.] On a lodestar basis, the fee request of $61,667 results in a base lodestar that is larger than the fees requested on a percentage basis, and therefore there is no request for a lodestar modifier. However, this suggests the fees requested on a percentage basis are reasonable since they are less than the value of the services performed when valued via traditional hourly billing.

C. The Requested Costs Are Fair And Reasonable

Plaintiff's Counsel requests reimbursement of actual out-of-pocket expenses incurred to prosecute this action. These expenses were incidental and necessary to the effective representation of the employees, and Plaintiff's Counsel is permitted to recover their litigation costs and expenses under the common fund doctrine and the Settlement Agreement. Serrano, 20 Cal.3d at 35 (common fund doctrine permits recovery of fees and costs from the fund); Rider v. County of San Diego (1992) 11 Cal.App.4th 1410, 1424 n.6 (costs are recoverable from the common fund "[o]f necessity, and for precisely the same reasons discussed above with respect to the recovery of attorneys' fees by ... [Plaintiffs'] attorneys"). Furthermore, Plaintiff's Counsel is entitled to recover "those out-of-pocket expenses that would normally be charged to a fee-paying client." Harris v. Marhoefer (9th Cir. 1994) 24 F.3d 16, 19.

While the Settlement Agreement authorizes litigation costs not to exceed $15,000, although Plaintiff's Counsel's actual costs presently are $13,023.24. [Saunders Decl., ¶¶ 50-51.] This includes filing fees, mediation costs, and postage, while waiving photocopying costs and legal research charges. These costs are reasonable and uncontested, and should be approved and reimbursed up to the cap imposed under the Settlement Agreement.

VIII. CONCLUSION

For the foregoing reasons, Plaintiff requests the Court approve the proposed settlement under PAGA, approve the requested service award, approve the requested award of reasonable attorney's fees and costs, approve Phoenix Settlement Administrators as the settlement administrator and approve is fees in the amount of $4,490.00, approve the proposed distributions to the LWDA and Aggrieved Employees, and enter judgment.

Dated: January 13, 2026

CROSNER LEGAL, PC

Chad Saunders
Attorneys for Plaintiff TERESA CARDENAS