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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

Jennifer Crumley, and Individual,

Plaintiff,

v.

SecurityScorecard, Inc., a New York Corporation,

Defendant.

Case No. 3:24-cv-02037-L-AHG

JOINT MOTION AND STIPULATION FOR COURT APPROVAL OF PAGA SETTLEMENT

Trial Date: None Set

(Assigned to Hon. JUDGE M. James Lorenz)

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I. INTRODUCTION

Plaintiff Jennifer Crumley ("Crumley" or "Plaintiff") and Defendant SecurityScorecard, Inc. ("SSC" or "Defendant") (together, the "Parties") jointly stipulate to, and respectfully move the Court to approve, the Parties' settlement of Plaintiff's small representative claim under the California Private Attorneys General Act of 2004 ("PAGA"), Labor Code section 2698 et seq. ("Settlement"). The Parties submit this Joint Stipulation as a joint motion in accordance with Civil Local Rule 7.2.

The PAGA Settlement resolves Plaintiff's PAGA claim for civil penalties only. Under the Settlement, SSC will pay a Total Settlement Amount of $3,100.00, allocated 65% ($2,015.00) to the California Labor and Workforce Development Agency ("LWDA") and 35% ($1,085.00) to the allegedly Aggrieved Employees (which consist of only ten (10) individuals), consistent with Labor Code section 2699(m). No portion of the Total Settlement Amount is deducted for attorneys' fees, costs, litigation expenses, settlement-administration costs, or a service award; the entire amount funds PAGA civil penalties.

The Settlement is the product of extensive arm's-length negotiation, including an Early Neutral Evaluation ("ENE") before Magistrate Judge Allison H. Goddard, a private mediation before the Honorable James Crandall (Ret.), and a mediator's proposal later issued by Magistrate Judge Goddard, which both Parties accepted. As set forth below, the Settlement is fair, reasonable, and adequate in light of PAGA's purposes, and the Parties respectfully request that the Court approve it.

II. FACTUAL AND PROCEDURAL BACKGROUND

A. The Parties

Crumley is a former employee of SSC who was employed from approximately January 6, 2020 to October 13, 2023. (ECF No. 17 ["FAC"], ¶ 8.) She brought this action individually and as a representative of the State of California and the Aggrieved Employees. (*See generally* FAC.)

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B. Procedural History

On October 29, 2024, Crumley's counsel submitted a written notice to the LWDA under Labor Code§ 2699.3 (the "PAGA Notice"), on behalf of Crumley and all current and former Sales Directors who worked for SSC in California, of Crumley's intent to seek civil penalties under PAGA for SSC's alleged violations of Labor Code §§ 2699 *et seq.*, 201, 204, 218, 219, 223, 432.5, 925, and 1197.5(a). (Declaration of Aaron Olsen ["Olsen Dec."], ¶ 3.)

On October 30, 2024, Crumley filed this action against SSC, alleging, on an individual basis (1) violation of Labor Code § 925, (2) violation of Business and Professions Code § 16600.5 (for alleged non-compete violations), (3) breach of the implied covenant of good faith and fair dealing, (4) declaratory relief, (5) wrongful termination in violation of public policy, (6) gender discrimination, (7) gender pay discrimination in violation of § 1197.5(a), (8) failure to timely pay wages due in violation of Labor Code § 218, and (9) unfair competition. (ECF No. 1.)

On January 13, 2025, Crumley filed her First Amended Complaint, adding a representative claim for civil penalties under PAGA (Count X), premised on alleged violations of Labor Code §§ 201, 204, 218, 219, 223, 432.5, 925, and 1197.5(a). (FAC ¶¶ 120-128.) Crumley's PAGA claim was principally premised on allegations that (a) SSC required employees to agree in writing to allegedly unlawful non-compete, choice-of-law, and venue provisions that it allegedly knew were unlawful; and (b) the commission plans denied timely payment of commissions and contained an unconscionable forfeiture provision. (*Id.* ¶¶ 28-37.)

C. Investigation and Settlement Negotiations

The Parties conducted extensive, comprehensive written discovery. (Olsen Dec. ¶ 4.) On January 31, 2025, the Parties attended an ENE before Magistrate Judge Allison H. Goddard, which proved unsuccessful. (Olsen Dec. ¶ 5.) On February 24, 2026, the Parties mediated with experienced wage-and-hour mediator Judge James Crandall (Ret.). (Olsen Dec. ¶ 6.) On April 29, 2026, Magistrate Judge Goddard issued a mediator's proposal following confidential settlement discussions, and on May 7, 2026 the Parties were informed that both had accepted the proposal. (Olsen Dec. ¶ 7.) The Private Attorneys General Act Settlement Agreement and Release ("Settlement Agreement") was fully executed on June 23, 2026. (Olsen Dec. ¶ 8, Ex. 1.)

III. SUMMARY OF THE SETTLEMENT

A. The Aggrieved Employees and the PAGA Period

For purposes of the Settlement, the "Aggrieved Employees" are all former and current Field Sales Directors and Field Sales Representatives employed by SSC **in California** at any time between August 27, 2023 and the date of approval ("PAGA Period"), with respect to the alleged Labor Code violations upon which the PAGA claim is predicated. (Settlement Agreement § 1(c), 3(e)) As of the date of execution of the Settlement Agreement, based on SSC's records there are only **ten** (10) Aggrieved Employees. (Olsen Dec., ¶ 9.) Because SSC is based in New York, and employed very few employees *in California* with the applicable job classifications, the Aggrieved Employee PAGA group is extremely small.

B. Settlement Payment and Allocation

Under the terms of the Settlement Agreement, SSC will pay a maximum gross Total Settlement Amount of $3,100.00 to resolve the released PAGA claims. (Settlement Agreement § 3.) One hundred percent of the Total Settlement Amount funds PAGA civil penalties to the Aggrieved Employees and LWDA, as described below. This Settlement makes no deduction from the Total Settlement Amount for attorneys' fees, litigation costs, settlement-administration costs, or a representative service or enhancement award. (Settlement Agreement § 3.)

Sixty-five percent ($2,015.00) of the Total Settlement Amount will be distributed to the LWDA, and the remaining thirty-five percent ($1,085.00) (the "Employees' Portion") will be distributed to the Aggrieved Employees. (Settlement Agreement § 3(c)). Each Aggrieved Employee will receive an equal share of the Employees' Portion ("Individual Settlement Share"), which will amount to

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approximately $108.50 per Aggrieved Employee. (Settlement Agreement § 6(a)(1).) Because the Settlement resolves a PAGA claim for civil penalties only, no portion is allocated to unpaid wages, and the entire amount will be treated and reported as non-wage civil penalties. (Settlement Agreement §§ 3(d), 6(a)(1).)

Plaintiff's individual claims are subject to a separate Settlement and Release Agreement. (Olsen Dec. ¶ 8.)

C. The Release

Upon the Effective Date, Crumley, the Aggrieved Employees, and the State of California will be deemed to have released the Released Parties from all claims for relief under PAGA, that were asserted or could have been asserted in this action and that reasonably arise out of or relate to the factual allegations in the operative complaint, the case, or the PAGA Notice, during the period from August 27, 2023 to the date of Court approval. (Settlement Agreement § 7(a)) The release is limited to PAGA claims; it does not release any individual, non-PAGA claims of any Aggrieved Employee, who is not a party to this action. (*Id.*) Consistent with the representative nature of a PAGA action, no Aggrieved Employee may opt out of the Settlement, and the Aggrieved Employees are bound by the Settlement upon Court approval. (Settlement Agreement § 7(b).)

The "Released Parties" are SSC and its parent corporation(s), affiliates, subsidiaries, divisions, predecessors, insurers and/or reinsurers, and/or successors and/or assigns, and/or each of their current and former employees, attorneys, officers, directors and/or agents.

D. Settlement Administration

SSC is solely responsible for administering the Settlement (i.e., there is no third-party settlement administrator or costs), and all administration costs and expenses are borne separately by SSC and are not deducted from the Total Settlement Amount. (Settlement Agreement § 3(b).) Subject to, and following, Court approval, SSC will pay the Aggrieved Employees within thirty calendar days of the Effective

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Date[1] and will transmit the LWDA Payment at the same time. (Settlement Agreement § 6(a), (c).)

SSC shall mail the Individual Settlement Share checks ("PAGA Settlement Package") to all Aggrieved Employees by first-class United States mail. For each PAGA Settlement Package that is returned undeliverable, SSC shall promptly attempt to locate an alternate, updated address for the Aggrieved Employee at issue, by using an address refresher database and shall attempt one (1) re-mailing of the PAGA Settlement Package. (Settlement Agreement § 6(b)(1).)

Individual Settlement Share checks remain valid for 120 calendar days, and funds associated with any uncashed checks will be transmitted to a *cy pres* recipient agreed upon by the Parties. (Settlement Agreement § 6(b)(2).) The Parties agree that the uncashed checks will be transmitted to the California State Controller in the name of the Aggrieved Employee.

IV. THE COURT SHOULD APPROVE THE SETTLEMENT

A. Legal Standard for Approval of a PAGA Settlement

PAGA requires that a court "review and approve any settlement of any civil action filed pursuant to" the Act, and that the proposed settlement be submitted to the LWDA at the same time it is submitted to the court. (Cal. Lab. Code § 2699(s)(2).) A

[1] The "Effective Date" shall mean the earliest date, following entry by the Court of an order finally approving the PAGA settlement, and upon which one of the following have occurred, as applicable: (i) if no objection is filed to the settlement and no objector appears at any hearing on final approval, the date of the Court's entry of the order granting final approval, (ii) if an objection is filed to the settlement and/or an objector appears at the hearing on final approval, then the earlier of the following: (a) the expiration of all potential appeal periods without a filing of a notice of appeal of the final approval order or judgment; (b) final affirmance of the final approval order and judgment by an appellate court as a result of any appeal(s), or (c) final dismissal or denial of all such appeals (including any petition for review, rehearing, certiorari, etc.) such that the final approval order and judgment is no longer subject to further judicial review. (Settlement Agreement § 6(a).)

PAGA representative action is not a class action; it is a type of qui tam action in which a private plaintiff pursues, on the State's behalf, a dispute between an employer and the LWDA, and class certification is not required. (*Haralson v. U.S. Aviation Servs. Corp.*, 383 F. Supp. 3d 959, 971 (N.D. Cal. 2019); *Iskanian v. CLS Transportation Los Angeles, LLC*, 59 Cal. 4th 348, 382 (2014).)

The Court of Appeal in *Moniz v. Adecco USA, Inc.*, 72 Cal. App. 5th 56 (2021), defined the standard of review for PAGA settlements, finding that the trial court must consider whether 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; *see also Haralson*, 383 F. Supp. 3d at 972; *Flores v. Starwood Hotels & Resorts Worldwide, Inc.*, 253 F. Supp. 3d 1074, 1076-77 (C.D. Cal. 2017).) The touchstone, taken from the LWDA's own guidance, is that "the relief provided for under the PAGA be genuine and meaningful, consistent with the underlying purpose of the statute to benefit the public." (*O'Connor v. Uber Techs., Inc.*, 201 F. Supp. 3d 1110, 1133 (N.D. Cal. 2016).)

In applying this standard, courts consider whether the settlement was reached through arm's-length negotiation, whether the relief is genuine and meaningful in view of PAGA's goals of remediating and deterring labor-law violations, the LWDA's views or lack of objection after notice, and whether the court would likely exercise its discretion under Labor Code § 2699(e)(2) to reduce the civil penalties if the claims were litigated to judgment. (*Haralson*, 383 F. Supp 3d at 966-67, 971-74.)

B. The Settlement Is Fair, Reasonable, and Adequate in View of PAGA's Purposes

The Settlement is fair, reasonable, and adequate in view of PAGA's purposes. The Parties engaged in multiple rounds of negotiations at the ENE before Magistrate Judge Goddard in January 2025 and mediation before Judge Crandall (Ret.) in February 2026, before ultimately agreeing to a mediator's proposal issued by Magistrate Judge Goddard in April 2026, following her close involvement in

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settlement discussions. (Olsen Dec. ¶ 11.) During that time, the Parties conducted exhaustive written discovery. (*Id.*) As such, the settlement is a result of arms-length and well-informed negotiations, which supports approval.

Additionally, concurrently with this filing, Plaintiff has submitted the proposed Settlement to the LWDA, as Labor Code § 2699(s)(2) requires. (Olsen Dec. ¶ 12.) To date, Plaintiff has not received a response from the LWDA and the Parties do not anticipate any objection, which supports approval. (*Id.*; *Haralson*, 383 F. Supp. 3d at 973.)

Further, the Settlement provides genuine and meaningful relief consistent with PAGA's public purpose. (*O'Connor*, 201 F. Supp. 3d at 1133.) The full $3,100.00 funds civil penalties, with no reduction for fees, costs, or a service award, so the entire recovery advances PAGA's enforcement and deterrence objectives, and the State receives the majority share. (Settlement Agreement § 3) The Settlement allocates the civil penalties exactly as the current statute directs: 65% to the LWDA and 35% to the Aggrieved Employees. (Settlement Agreement § 3; Cal. Lab. Code § 2699(m).) The Aggrieved Employees are a discrete group of just **ten** California Field Sales Directors and Field Sales Representatives, rather than a large hourly workforce, and each will receive an equal share of the Employees' Portion. (Settlement Agreement § 6.)

Moreover, Plaintiff's theories are not the typical wage and hour, unpaid wage claims that would trigger the usual volume of penalties. Plaintiff alleges that Defendant required employees within the short limitations period to agree to unlawful contracts (two contracts specifically) as a condition of employment, in violation Labor Code §§ 219 [agreements setting aside provisions of California Labor Code], 432.5 [agreements with terms known to be prohibited by California law], and 925 [agreements requiring out of state governing law/venue]. (FAC ¶¶ 32-36.) Such purported violations trigger a single penalty of $100, at the time of entering into each agreement, amounting to approximately $2,000 (ten Aggrieved Employees x $100 x

2 agreements). (Labor Code § 925 ["require an employee … to agree to a provision"]; § 432.5 [same]; § 219 [same].) Additionally, SSC contends that Plaintiff did not enter into the purportedly unlawful agreements during the PAGA period, and is, therefore, not an aggrieved employee and cannot pursue this claim on behalf of other aggrieved employees. (Labor Code § 2699(c)(1) [requiring Plaintiff to have "personally suffered each of the violations alleged"].) SSC further contends that there are no unlawful violations in the updated contracts, meaning, there are no aggrieved employees, and, regardless, any penalties would be subject to statutory reduction for taking steps to be in compliance and limitations on stacking penalties.

Finally, Plaintiff alleges that SSC omitted or untimely paid commissions, based on provisions of the Commission Agreements that Plaintiff contends are unlawful, and on Plaintiff not being paid a single, one-time commission, in violation of Labor Code §§ 201 and 204. (FAC ¶¶ 30, 34-35, 122.) As a preliminary matter, it is vehemently disputed that commissions were omitted or paid untimely, and that Plaintiff earned, or was entitled to, the relevant commission. Additionally, the violations are inherently limited in nature: commissions were earned and payable only intermittently — not every pay period. Further, SSC contends that the good-faith-dispute defense precludes penalties for any purported late payments under §§ 201 and 204. 8 C.C.R. § 13520 [A "'good faith dispute' that any wages are due occurs when an employer presents a defense, based in law or fact which, if successful, would preclude any recover on the part of the employee. The fact that a defense is ultimately unsuccessful will not preclude a finding that a good faith dispute did exist."].) Further, PAGA expressly provides the court discretion to reduce the penalty for any alleged violation if the same conduct or omission resulted in multiple violations. (Labor Code § 2699(i).)

In assessing whether the civil penalties are genuine and meaningful, the Court may balance the negotiated amount against the risks of continued litigation. The merits of each alleged Labor Code violation are genuinely disputed, as discussed, and

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there has been no determination on the merits. Further, under Labor Code § 2699, Plaintiff can only pursue penalties on behalf of Aggrieved Employees for violations that *she* personally suffered. (Labor Code § 2699 (a), (c)(1).) Even where a violation is found, there are statutory grounds for reduction of the penalty, in addition to the Court's discretion to reduce in order to avoid an award that is "unjust, arbitrary and oppressive, or confiscatory" (Labor Code § 2699 (e)(2), (g), (h).) Finally, as mentioned above, the court retains discretion to reduce the penalty for "any alleged violation if the same conduct or omission resulted in multiple violations of this code." (Labor Code § 2699(i).) The balance of the factors weighs in favor of approval.

V. CONCLUSION

For the foregoing reasons, the Parties respectfully request that the Court grant approval of the Parties' PAGA Settlement.

DATED: July 21, 2026

HAEGGQUIST & ECK, LLP

By: */s/ Aaron M. Olsen*

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By: */s/ Jason C. Ross*

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SIGNATURE CERTIFICATION

I, JASON C. ROSS, am the ECF User whose ID and password are being used to file this Joint Motion and Stipulation for Court Approval of PAGA Settlement. Pursuant to Section 2(f)(4) of the Electronic Case Filing Administrative Policies and Procedures Manual, I hereby certify that the content of this document is acceptable to Aaron M. Olsen, Counsel for Plaintiff, and I have obtained Mr. Olsen's authorization to affix his signature to this document.

By: *_/s/ Jason C. Ross_*
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PROOF OF SERVICE

Jennifer Crumley v. SecurityScorecard, Inc.
Case No. 3:24-cv-02037-L-AHG

I am employed in the County of San Diego, State of California. I am over the age of eighteen years and not a party to the within action. My business address is 501 West Broadway, Suite 1200, San Diego, CA 92101.

On July 21, 2026, I served the following document(s) described as **JOINT MOTION AND STIPULATION FOR COURT APPROVAL OF PAGA SETTLEMENT** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY CM/ECF NOTICE OF ELECTRONIC FILING: I electronically filed the document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case who are registered CM/ECF users will be served by the CM/ECF system. Participants in the case who are not registered CM/ECF users will be served by mail or by other means permitted by the court rules.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on July 21, 2026, at San Diego, California.

Rebecka Garcia

Rebecka A. Garcia

SERVICE LIST
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Case No. 3:24-cv-02037-L-AHG

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