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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE

JESSE WILLIAM SORIANO, individually, and on behalf of all others similarly situated,

Plaintiff,

v.

ISP2, INC.; ISP2 VACAVILLE, INC.; ISP2 SAN RAMON, INC.; ISP2 BAKERSFIELD, INC.; ISP2 BAKERSFIELD MARKETPLACE, INC.; ISP2 BURLINGTON, INC.; ISP2 CHINO, INC.; ISP2 DANVILLE, INC.; ISP2 DUBLIN, INC.; ISP2 EMERYVILLE, INC.; ISP2 FOUNTAIN VALLEY, INC.; ISP2 FRESNO, INC.; ISP2 FRESNO 2, INC.; ISP2 HAYWARD, INC.; ISP2 HILLSDALE, INC.; ISP2 LONG BEACH, INC.; ISP2 MODESTO, INC.; ISP2 MONTEREY, INC.; ISP2 MOUNTAIN VIEW, INC.; ISP2 NEWPORT BEACH, INC.; ISP2 NORTHRIDGE, INC.; ISP2 OAKLAND, INC.; ISP2 ROCKRIDGE, INC.; ISP2 SACRAMENTO, INC.; ISP2 SALINAS, INC.; ISP2 SAN DIEGO, INC.; ISP2 SAN JOSE D/T INC.; ISP2 SAN LUIS OBISPO, INC.; ISP2 SANTA CLARA, INC.; ISP2 SANTA CRUZ, INC.; ISP2 SANTANA ROW, INC.; ISP2 SAP, INC.; ISP2 SERRAMONTE, INC.; ISP2 SHATTUCK, INC.; ISP2 SKYPORT, INC.; ISP2 STOCKTON, INC.; ISP2 STONESTOWN, INC.; ISP2 SUNNYVALE, INC.; ISP2 THE PLANT, INC.; ISP2 THE WILLOWS, INC.; ISP2 TURLOCK, INC.; ISP2 TUSTIN, INC.; ISP2 VALLEJO, INC.; ISP2 WALNUT CREEK, INC.; ISP2 WESTGATE, INC.; and DOES 1 through 25, inclusive,

Defendants.

Case No.: 24STCV32571

[Assigned for all purposes to: Hon. William F. Highberger, Dept. 10]

REPRESENTATIVE ACTION

PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR APPROVAL OF PAGA SETTLEMENT

[Filed with (1) the Declaration of Kane Moon, (2) the Declaration of Plaintiff, (3) the Declaration of Jodey Lawrence on behalf of Phoenix Class Action Administration Solutions re: Qualifications and Costs for Settlement Administration, (4) [Proposed] PAGA Approval Order, and (5) [Proposed] Judgment]

PAGA APPROVAL HEARING:
Date: March 4, 2026
Time: 11:30 a.m.
Dept.: SSC-10
Judge: William F. Highberger

Action filed: December 10, 2024
FAC filed: February 13, 2025
Trial date: Not set

TO THIS HONORABLE COURT, TO ALL PARTIES, AND TO COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on March 4, 2026, at 11:30 a.m. in Department 10 of the Los Angeles County Superior Court, Spring Street Courthouse, 312 North Spring Street, Los Angeles, California 90012, Plaintiff Jesse William Soriano ("Plaintiff") will, and hereby does, move the Court for an Order and Judgment, pursuant to California Labor Code sections 2698, *et seq.*, as follows:

1. Approving the PAGA Settlement Agreement ("Settlement") between Plaintiff and Defendants ISP2, Inc., et. al.;
2. Appointing Kane Moon, Allen Feghali, and Charlotte Mikat-Stevens of Moon Law Group, PC as PAGA Counsel;
3. Approving the requested PAGA Counsel Fees Payment of $128,333.33, subject to potential increase under an escalator clause;
4. Approving the requested PAGA Counsel Litigation Expenses Payment of $30,174.86;
5. Appointing Plaintiff as the PAGA Representative and approving a $7,500.00 Enhancement Award to him;
6. Appointing Phoenix Class Action Administration Solutions as the Administrator and approving a $6,500.00 as the Administration Expenses Payment;
7. Approving the scope of the Released PAGA Claims and Released Parties;
8. Approving a non-reversionary Gross Settlement Amount of at least $385,000.00, subject to potential increase under an escalator clause;
9. Approving at least $212,491.81 for PAGA Penalties as settlement of the Released PAGA Claims, subject to potential increase pursuant to the escalator clause, to be distributed as 65% (at least $138,119.68 to the LWDA) and 35% (at least $74,372.13 to Aggrieved Employees);
10. Directing consummation of the Settlement pursuant to its terms and provisions;
11. Entering Judgment and dismissing the above-captioned action with prejudice; and
12. Retaining jurisdiction over the Parties, this action, and this Settlement, including following any entry of Judgment for purposes of enforcement, interpretation, settlement administration, and any post-Judgment issues that arise.

This Motion is based upon this notice, the attached Memorandum of Points and Authorities, the declarations and exhibits filed concurrently herewith, the records and files in this action, and any other further records or argument that the Court may properly receive at or before the hearing.

Respectfully submitted,

DATED: February 3, 2026

MOON LAW GROUP, PC

By:____________________________________

Kane Moon
Allen Feghali
Charlotte Mikat-Stevens

Attorneys for Plaintiff Jesse William Soriano

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff Jesse William Soriano ("Plaintiff") seeks approval of a non-reversionary $385,000.00 gross settlement of claims for civil penalties alleged pursuant to the California Private Attorneys General Act, Labor Code sections 2698, *et seq.* ("PAGA"). After a fully day of mediation with experienced and neutral mediator Steven Serratore, Esq, and months of extended settlement negotiations, Plaintiff reached a resolution with Defendants ISP2, Inc.; ISP2 Vacaville, Inc.; ISP2 San Ramon, Inc.; ISP2 Bakersfield, Inc.; ISP2 Bakersfield Marketplace, Inc.; ISP2 Burlingame, Inc.; ISP2 Chino, Inc.; ISP2 Danville Inc.; ISP2 Dublin, Inc.; ISP2 Emeryville, Inc.; ISP2 Fountain Valley, Inc.; ISP2 Fresno, Inc.; ISP2 Fresno 2, Inc.; ISP2 Hayward, Inc.; ISP2 Hillsdale, Inc.; ISP2 Long Beach, Inc.; ISP2 Modesto, Inc.; ISP2 Monterey Inc.; ISP2 Mountain View, Inc.; ISP2 Newport Beach, Inc.; ISP2 Northridge, Inc.; ISP2 Oakland Inc.; ISP2 Rockridge, Inc.; ISP2 Sacramento, Inc.; ISP2 Salinas Inc.; ISP2 San Diego, Inc.; ISP2 San Jose D/T Inc.; ISP2 San Luis Obispo, Inc.; ISP2 Santa Clara Inc.; ISP2 Santa Cruz, Inc.; ISP2 Santana Row, Inc.; ISP2 SAP, Inc.; ISP2 Serramonte, Inc.; ISP2 Shattuck, Inc.; ISP2 Skyport, Inc.; ISP2 Stockton, Inc.; ISP2 Stonestown, Inc.; ISP2 Sunnyvale, Inc.; ISP2 The Plant, Inc.; ISP2 The Willows, Inc.; ISP2 Turlock, Inc.; ISP2 Tustin, Inc.; ISP2 Vallejo, Inc.; ISP2 Walnut Creek Inc.; and ISP2 Westgate, Inc. (altogether, "Defendants") (collectively, Plaintiff and Defendants are the "Parties"). The Parties have executed a PAGA Settlement Agreement (the "Settlement"), a true and correct copy of which is attached as **Exhibit 1** to the Declaration of Kane Moon in Support of Motion for Approval of PAGA Settlement ("Moon Decl.") submitted concurrently herewith. Pursuant to Labor Code section 2699(s)(2), Plaintiff now files this motion seeking an order approving the proposed Settlement.

The proposed Settlement seeks to resolve all alleged claims for civil penalties pursuant to the California Private Attorneys General Act, Labor Code sections 2698, *et seq.* ("PAGA"). (Moon Decl., ¶ 3) Plaintiff brought this PAGA action on behalf of himself and all current and former non-exempt, hourly-paid employees who were employed by and worked for Defendants in California at any time during the PAGA Release Period ("Aggrieved Employees"). (*Id.* at ¶ 1.4.) For purposes of settlement, the "PAGA Period" is from December 7, 2023, through December 5, 2025. (Settlement, ¶ 1.27.) The Parties, Plaintiff's Counsel, and Defense Counsel are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement. (Moon Decl., ¶ 24.)

Settlement of a PAGA claim requires court approval. Pursuant to the operative PAGA statute, the "court shall review and approve any penalties sought as part of a proposed settlement agreement pursuant to this part." (Lab. Code § 2699(s)(2).) In deciding whether to grant approval of a proposed settlement, the primary issue to be decided is whether the settlement is fair, adequate, and reasonable. Specifically, the issue is whether the PAGA penalties to which the parties have agreed provide "genuine and meaningful" relief that is "consistent with the underlying purpose of the statute to benefit the public," and whether the penalties are reasonable in light of the potential verdict value in this case. (*Villalobos v. Calandri Sonrise Farm LP* (C.D. Cal. July 22, 2015) No. CV 12-2615 PSG (JEMx), 2015 WL 12732709, at *5; *see also O'Connor v. Uber Techn., Inc.* (N.D. Cal. 2016) 201 F.Supp.3d 1110, 1135.)

As set forth herein, the proposed Settlement embodies all the features of a settlement that is fair, adequate, and reasonable, as (1) it is the product of an arm's-length negotiation, (2) negotiated by attorneys experienced in wage and hour litigation, (3) following sufficient investigation necessary to evaluate the relative strength and value of the PAGA claims, and (4) reflects a reasoned compromise based directly on the relative strength and value of the PAGA claims, as well as the risks, expense, complexity, and likely duration of further litigation.

The meaningful value achieved by the Settlement at issue may be gleaned from the fact that the LWDA and the estimated **840** Aggrieved Employees will, cumulatively, receive no less than **$212,491.81** as PAGA Penalties. (Moon Decl., ¶ 21.) This is a significant recovery, not only because further litigation may have resulted in a net-zero recovery based on the facts of the case and defenses asserted by Defendants, but also because an investigation by experienced PAGA counsel and analysis of discovery revealed minimal identifiable violations, the discretionary nature of awarding PAGA penalties, and the risk of not being able to proceed on a representative basis at all due to the potential manageability issues and current state of the law. For these reasons, as set forth more fully below, Plaintiff respectfully requests the Court enter the proposed order and proposed judgment submitted concurrently herewith.

II. SUMMARY OF THE LITIGATION AND SETTLEMENT

A. Plaintiff's Claims and Procedural Background

Defendants operate a chain of restaurants called Ike's Love & Sandwiches throughout California and elsewhere in the U.S. (Moon Decl., ¶ 4.) Plaintiff worked for Defendants in California as a Crew Member from approximately September 2022 to July 2024.. (*Id.*) Throughout his employment, Plaintiff was classified as hourly, non-exempt., and typically worked up to 8 hours per shift, and up to 5 days each workweek. (*Id.*) Plaintiff contends that he and his former coworkers were subjected to the same or similar unlawful labor practices during their employment by Defendants, including failure to pay all wages. (*Id.*)

Plaintiff's claims for unpaid wages stems from allegations of Defendants' failure to pay employees all minimum, overtime, sick pay, and regular rate wages owed, including due to Defendants' failure to compensate employees for off-the-clock work, such as for waiting for the manager to open the restaurant and cleaning the restaurant after shifts. (*Id.* at ¶ 5.) Plaintiff also claims that Defendants failed to pay for reporting time whenever his shifts were cut off short due. (*Id.*) Plaintiff's meal and rest period claims are based on allegations that due to the nature of their work and Defendants' employment practices, employees regularly experienced missed, untimely, or interrupted breaks, and that Defendants failed to provide any premiums for non-compliant meal and rest breaks. (*Id.*) Plaintiff also alleges that Defendants failed to reimburse employees for all reasonable and necessary business expenses incurred, including expenses incurred for the use of Plaintiff's personal cellphone and vehicle for work-related purposes. (*Id.*) Plaintiff further alleges he and other employees did not receive all wages owed at the time of termination nor accurate itemized wage statements due to Defendants' failure to pay all wages and premiums. (*Id.*) Accordingly, Plaintiff alleges Defendants are liable for civil penalties under PAGA. (*Id.*)

Because of the foregoing alleged violations of the Labor Code, Plaintiff filed a Class Action Complaint on December 10, 2024, alleging Defendants systematically: (1) failed to pay minimum wages, (2) failed to pay overtime compensation, (3) failed to provide meal periods, (4) failed to authorize and permit rest breaks, (5) failure to indemnify necessary business expenses, (6) failed to timely pay final wages at termination, (7) failed to provide accurate itemized wage statements, and (8) engaged in unfair business practices. (*Id.* at ¶ 6.)

Pursuant to PAGA, on December 7, 2024, Plaintiff submitted notice of the alleged Labor Code violations to the California Labor and Workforce Development Agency (the "LWDA"), with certified mail service on Defendants, and paid the required filing fee. (*Id.* at ¶ 7, Ex. 2.) The administrative exhaustion period under PAGA expired without the LWDA indicating any intent to investigate the allegations. (*Id.* at ¶ 7.) On February 13, 2025, Plaintiff filed a First Amended Class and Representative Action Complaint to allege a ninth cause of action for civil penalties under PAGA (the "Operative Complaint"). (*Id.*) Accordingly, Plaintiff is duly authorized to act as a private attorney general with respect to the PAGA claims involved in this action. (*Id.*) In compliance with Labor Code section 2699(s)(1), on February 21, 2025, Plaintiff subsequently submitted to the LWDA a file-stamped copy of the Operative Complaint containing the Court-assigned case number. (*Id.* at ¶ 8.) To date, the LWDA has not sought to intervene in this action. (*Id.*)

After this action was filed, Defendants produced an arbitration agreement signed by Plaintiff, which compels his individual claims to mandatory arbitration and does not explicitly permit arbitration on a class-wide basis. (*Id.* at ¶ 9.) Upon Plaintiff's Counsel's review of the arbitration agreement, it was determined that the agreement would likely be enforced if Plaintiff opposed arbitration. (*Id.*) Moreover, Defendants represent that roughly ninety-seven percent (97%) of putative class members in this action are also subject to similar arbitration agreements regarding the claims at issue. Defendants provided information regarding a prior class action settlement in the matter captioned *Harris v. ISP2, Inc., et al.*, Contra Costa California Superior Court, Case No. MSC21-01157, which released Plaintiff's class claims through April 17, 2023. (*Id.*) Thus, on December 22, 2025, the Parties filed a Stipulation for Dismissal of Class Claims without prejudice, which the Court granted on December 29, 2025. (*Id.*)

Defendants ardently oppose the merits of this case and deny Plaintiff's factual allegations. (*Id.* at ¶ 10.) Defendants argue that all employees were properly paid for all hours worked and that they did not require or permit employees to work off-the-clock, and that Defendants compensated their employees for all reporting time. (*Id.*) As for the regular rate claim, Defendants argue there was no issue with paying employees the proper regular rate of pay because any additional renumeration was discretionary and thus, not required to be incorporated into the regular rate of pay. (*Id.*) Defendants maintain that all employees were provided with the opportunity to take all their code-compliant meal and rest breaks and that missed breaks, if any, were solely the result of employees' voluntary choice. (*Id.*) As for the unreimbursed business expenses, Defendants maintain they did not require employees to incur any business-related expenses. (*Id.*) To the extent employees received wage statements that were allegedly inaccurate, Defendants argue penalties are not warranted because employees suffered no actual damage or harm as a result. (*Id.*; *see, e.g.*, *Angeles v. U.S. Airways, Inc.* (N.D. Cal. Feb. 19, 2013) No. C 12–05860 CRB, 2013 WL 622032, at *10 ["A plaintiff must adequately plead an injury arising from an employer's failure to provide full and accurate wage statements, and the omission of the required information alone is not sufficient."].) Additionally, Defendants allege their good-faith belief that they paid all wages precludes the imposition of waiting time penalties because Plaintiff would be unable to show Defendants' alleged conduct was done willfully or knowingly. (Moon Decl., ¶ 10; *see, e.g.*, *Pedroza v. PetSmart, Inc.* (C.D. Cal. June 14, 2012) No. ED CV 11–298 GHK (DTBx), 2012 WL 9506073, *5.) For these reasons, Defendants claim they did not engage in any unfair business practices and deny liability under PAGA. (Moon Decl., ¶ 10.) Defendants also maintain the claims are not susceptible to proof on a representative basis because of the individualized and varying nature of each employee's experience, making this matter unmanageable. (*Id.*)

B. <u>Discovery and Investigation</u>

The Parties engaged in informal discovery exchange prior to mediation. (*Id.* at ¶ 11.) The Parties engaged in informal discovery exchange prior to mediation. (*Id.*) Plaintiff obtained from Defendants, through informal discovery, information sufficient to meaningfully evaluate the claims at issue in this case, including redacted excerpts of three handbooks in effect during the PAGA Release Period, various stand-alone policies regarding Defendants' wage-and-hour policies and practices in effect during the PAGA Release Period, Plaintiff's personnel file containing his time and payroll records, a redacted employee list, demographic information regarding Aggrieved Employees, and a sampling of time and corresponding payroll data for roughly 18.5% of Aggrieved Employees. (*Id.*)

Prior to mediation, Plaintiff's Counsel reviewed and analyzed all the information that Defendants produced, including the time/pay records and Defendants' written policies, in conjunction with information provided by Plaintiff. (*Id.* at ¶ 12.) Plaintiff's Counsel retained an expert to analyze the time/pay records and prepare a damage analysis prior to mediation. (*Id.*) The time/pay records contained 38,478 shifts actually worked (approximately 20% of all shifts), which allowed the expert to prepare an analysis with a high degree of certainty. (*Id.*) Further, Plaintiff's Counsel investigated the applicable law regarding the claims and defenses asserted in this action. (*Id.*) Accordingly, Plaintiff's Counsel was able to evaluate the probability of success on the merits and Defendants' monetary exposure. (*Id.*) In sum, Plaintiff and his Counsel's familiarity with the facts of the case and the legal issues involved allowed them to act intelligently in negotiating the Settlement. (*Id.*)

C. <u>Settlement Negotiations</u>

On October 6, 2025, the Parties participated in a full day of private mediation facilitated by Steven Serratore, Esq., a reputable neutral party who is experienced in class and PAGA actions. (*Id.* at ¶ 13.) The negotiations were at arm's length and although conducted in a professional matter, were adversarial. (*Id.*) Both sides went into the mediation willing to explore the potential for a settlement of the dispute, but they were also prepared to litigate their position through trial and appeal if a settlement had not been reached. (*Id.*) Negotiations were protracted, with extended discussions and instances in which it appeared the Parties would not reach a resolution. (*Id.*) Following a full discussion of the strengths and weaknesses of the claims and defenses, the Parties ultimately reached a resolution, the material terms of which are encompassed within the Settlement at issue. (*Id.*)

In reaching a resolution, the Parties recognized that the issues presented in this action are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will lead to inconvenience, distraction, disruption, delay, and expense disproportionate to the potential benefits of litigation. (*Id.* at ¶ 14.) Plaintiff and his Counsel also considered the risk and uncertainty of the outcome inherent in any litigation when determining whether this Settlement was the correct option. (*Id.*) In sum, Plaintiff and his Counsel believe the proposed Settlement is in the best interests of Aggrieved Employees and the LWDA. (*Id.*) In compliance with Labor Code section 2699(s)(2), notice of settlement and a copy of the proposed Settlement has been submitted to the LWDA along with a copy of Plaintiff's motion and the hearing date. (*Id.* at ¶ 15, Ex. 3.) To date, the LWDA has not indicated any objection to the Settlement. (*Id.* at ¶ 15.)

D. Key Terms of the Proposed Settlement

The Settlement's key financial and other terms include:

1. Gross Settlement Amount, Funding, Disbursement, and Uncashed Checks. The Gross Settlement Amount ("GSA") is $385,000.00, subject to potential increase under an Escalator Clause and entry of the Court's Approval Order and is non-reversionary. (Settlement, ¶ 3.1.) Defendants will fund the Gross Settlement Amount by transmitting the funds into a Qualified Settlement Fund ("QSF") established and maintained by the Administrator within sixty (60) calendar days of entry of Judgment or on March 15, 2026, whichever is later. (*Id.* at ¶ 4.3.) Within fourteen (14) calendar days after Defendants fully fund the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, Plaintiff's Enhancement Award, the PAGA Counsel Attorneys' Fee Payment, and the PAGA Counsel Litigation Costs Payment. (*Id.* at ¶ 4.4.) For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the Void Date (180 days after the date of mailing), the Administrator shall transmit the funds represented by such checks to the California State Controller's Office to be held pursuant to the Unclaimed Property Law, California Civil Code §§ 1500, *et seq.*, in the name of the Aggrieved Employee, until such time that he or she claims his or her property. (*Id.* at ¶¶ 4.4.2, 4.4.4.) In this manner, the Parties and their respective counsel attest that in this manner, there will be no "unpaid residue" subject to the requirements of California Code of Civil Procedure § 384, subd. (b). (*Id.* at ¶ 4.4.4.)

2. Escalator Clause. The Gross Settlement Amount was negotiated based on Defendants' estimation that between December 7, 2023 and October 6, 2025, there are 17,500 aggregate PAGA Pay Periods worked by approximately 840 Aggrieved Employees in the PAGA Release Period. (*Id.* at ¶ 8.) If the actual number of PAGA Pay Periods is more than 10% of the estimated count (i.e., if the actual number of PAGA Pay Periods is more than 19,250), then Defendants at their sole discretion agree to either (i) make a proportional increase to the Gross Settlement Amount by the percentage increase for each additional PAGA Pay Period above the escalator (for example, if the number of pay periods is 11% higher, the Gross Settlement Amount will increase by 1%), or (ii) shorten the end date of the PAGA Release Period to a date on which the total number of PAGA Pay Periods is no more than 19,250.

Defendants agree to make this determination before the hearing on Plaintiff's motion for PAGA settlement approval. (*Id.* at ¶ 8.)

3. Enhancement Award. The Settlement includes an Enhancement Award to Plaintiff in an amount up to $7,500.00, payable from the GSA and in addition to the Individual PAGA Payment that Plaintiff is entitled to receive as an Aggrieved Employee. (*Id.* at ¶ 3.2.1.) In the event the amount approved by the Court is less, the difference will be allocated to the Net Settlement Amount. (*Id.*) This Enhancement Award is in recognition of Plaintiff having initiated the Action, his services provided and risks assumed, and his general release of individual claims. (*Id.* at ¶ 1.13.)

4. Attorneys' Fees and Costs. The Settlement includes a PAGA Counsel Attorneys' Fees Payment in an amount up to one-third (33%) of the GSA, which is currently estimated to be at $128,333.33 and is subject to potential increase under the Escalator Clause, plus PAGA Counsel Litigation Costs Payment not to exceed $32,000.00, payable to Plaintiff's Counsel from the GSA. (*Id.* at ¶ 3.2.2.) In the event actual costs are less and/or the amount of fees and costs approved by the Court are less than the amounts requested, the difference will be allocated to the Net Settlement Amount. (*Id.*)

5. Administration Costs. The Settlement provides an Administration Expenses Payment to the Administrator, payable from the GSA, in an amount up to $6,500.00, for its fees and expenses in administering this Settlement. (*Id.* at ¶ 3.2.3.) In the event the amount of actual administration costs is less and/or the amount approved by the Court is less than requested, the difference will be allocated to the Net Settlement Amount. (*Id.*) Following a competitive bidding process, the Parties jointly selected Phoenix Class Action Administration Solutions ("Phoenix") as the neutral entity to administer the Settlement. (*Id.* at ¶ 1.2.; Moon Decl., ¶ 20, Ex. 5; Declaration of Jodey Lawrence on Behalf of Phoenix Class Action Administration Solutions Re: Qualifications and Costs for Settlement Administration, ¶ 21., Ex. B.)

6. Net Settlement Amount. After deducting the Enhancement Award, PAGA Counsel Fees and Litigation Expenses Payments, and Administration Expenses Payment from the GSA, in the amounts specifically approved by the Court, any difference in the amounts requested and the amounts awarded will be allocated to the Net Settlement Amount as PAGA Penalties. (*Id.* at ¶ 1.19.) Accordingly, the Net

Settlement Amount is estimated to be no less than **$212,491.81**,[1] which will be distributed 65% (i.e., no less than 65% * $212,491.81 = **$138,119.68**) to the LWDA and 35% (i.e., no less than 35% * $212,491.81 = **$74,372.13**) to Aggrieved Employees pursuant to PAGA law governing Plaintiff's claims. (Moon Decl., ¶ 21.)

7. Individual PAGA Payments. Each Aggrieved Employee will be entitled to his or her pro rata share of 35% of the PAGA Penalties calculated according to the number of PAGA Pay Periods the Aggrieved Employee worked during the PAGA Period, without the need of submitting any claim as a condition for payment. (*Id.* at ¶¶ 1.15, 3.1.) This results in an average Individual PAGA Payment of roughly **$88.54** for each of the estimated 840 Aggrieved Employees ($74,372.13 / 840), and a PAGA Pay Period value of **$4.25** for each of the 17,500 estimated PAGA Pay Periods ($74,372.13 /17,500). Individual PAGA Payments will be allocated to 100% penalties for tax purposes. (*See id.* at ¶ 3.2.4.2.) Aggrieved Employees will receive by mail an employee notice, which is the Court-Approved Notice of PAGA Settlement, attached as Exhibit A of the Settlement, with a Spanish translation, together with their Individual PAGA Payments. (*Id.* at ¶ 1.12.)

8. Released PAGA Claims. Upon entry of the Court's settlement approval order and Defendants' funding of the Gross Settlement Amount, all Aggrieved Employees, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release the Released Parties from all claims for civil penalties pursuant to the California Private Attorney's General Act of 2004, Lab. Code §§ 2698, *et seq.*, that were alleged, or reasonably could have been alleged based on the PAGA Release Period facts stated, in Plaintiff's PAGA Notice to the LWDA and in Plaintiff's operative First Amended Class and Representative Action Complaint including but not limited to: (1) failure to pay minimum wages (Lab. Code §§ 204, 210, 510, 558, 1194, 1194.2, 1197, 1197.1, and 1198); (2) failure to pay overtime compensation (Lab. Code §§ 204, 210, 510, 558, 1194, 1197, 1197.1, and 1198); (3) failure to provide

[1] The estimated Net Settlement Amount was calculated by deducting the following amounts from the GSA ($385,000.00): $7,500.00 for the Enhancement Award, $30,174.86 for the PAGA Counsel Litigation Costs Payment, $128,333.33for the PAGA Counsel Attorneys' Fees Payment, and $6,500.00 for the Administration Expenses Payment. (*See* Settlement, ¶ 3.2.)

meal periods (Lab. Code §§ 210, 226.7, 512, and 558); (4) failure to authorize and permit rest breaks (Lab. Code §§ 210, 226.7, 512, and 558); (5) failure to indemnify necessary business expenses (Lab. Code § 2802); (6) failure to timely pay final wages at termination, including but not limited to failure to pay all accrued vacation at termination (Lab. Code §§ 201-203, and 227.3); (7) failure to provide accurate itemized wage statements (Lab. Code §§ 226, 226.3); (8) failure to maintain accurate record of hours worked and meal periods (Lab. Code §§ 1174 and 1174.5); (9) failure to pay all earned wages twice a month (Lab. Code §§ 204, 210); and any other claims for restitution or equitable relief, statutory penalties available for any of the foregoing, and attorneys' fees and costs ("Released PAGA Claims"). The "Released Parties" are "Defendants and each direct or indirect subsidiary, parent, or affiliate thereof (whether by common ownership, management, control or otherwise), and each of their respective former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, affiliates, managers, insurers, parents, and any of their respective directors, officers, agents, or employees." (*Id.* at ¶ 1.31.)

III. DISCUSSION

A. Availability of Civil Penalties

The LWDA and its constituent departments and divisions are authorized to assess and collect civil penalties for specified violations of the Labor Code committed by an employer. With a stated goal of improving enforcement of existing Labor Code obligations, the California Legislature adopted the Private Attorneys General Act of 2004, permitting, as an alternative, an aggrieved employee to initiate a private civil action on behalf of him- or herself and other current or former employees." (Lab. Code § 2699(a).) Before an employee may file an action seeking to recover civil penalties for violations of any of the Labor Code provisions enumerated in Labor Code section 2699.5, he or she must comply with the Act's administrative procedures as set forth in Labor Code section 2699.3, subdivision (a), which include providing notice to the LWDA and the employer of the alleged Labor Code violations, and then waiting a prescribed period of time to permit the LWDA to investigate and to decide whether to cite the employer for the alleged violations. (*Id.* at §§ 2699.3, 2699.5; *Caliber Bodyworks, Inc. v. Superior Court* (2005) 134 Cal.App.4th 365, 370; *see also Dunlap v. Superior Court* (2006) 142 Cal.App.4th 330.)

Here, in compliance with Labor Code section 2699.3, Plaintiff submitted notice of the Labor Code violations at issue to the LWDA, and he exhausted administrative remedies without the LWDA notifying any intent to investigate the claims. (Moon Decl., ¶ 7, Ex. 2.) Accordingly, Plaintiff is duly authorized to act as a private attorney general pursuant to PAGA. (*Id.* at ¶ 7.)

B. <u>The Settlement Merits Approval</u>

Settlement of PAGA claims must be approved by a Court. (Lab. Code § 2699(s)(2).) Here, the circumstances weigh heavily in favor of approval, as explained below.

1. The Relief is Genuine, Meaningful, and Consistent with the Dual Statutory Purposes of Deterrence and Punishment under PAGA

The $385,000.00 GSA amounts to "genuine and meaningful" relief "consistent with the underlying purpose of the statute to benefit the public." (Moon Decl., ¶ 34; *see O'Connor*, 201 F.Supp.3d at 1133–35 [denying settlement approval where allocation for PAGA claims was 0.1% of the estimated full worth].) This is an excellent result, particularly because, under the Settlement, Aggrieved Employees and the LWDA will receive timely, guaranteed relief and will avoid the risk of not being able to recover anything at all. (Moon Decl., ¶ 34.)

The Settlement is a fair and reasonable resolution that satisfies PAGA's dual statutory purposes of deterrence and punishment, on the one hand, and providing Aggrieved Employees with genuine and meaningful relief, on the other. (Lab. Code §§ 2698, *et seq.*) As a result of this litigation, Defendants had to hire legal counsel, engage in employee-wide discovery, and participate in mediation. (Moon Decl., ¶ 35.) Assuming approval is granted, Defendants will also have to pay civil penalties pursuant to PAGA. (*Id.*) Not including its own attorneys' fees and costs, Defendants will pay at least $385,000.00 to resolve this matter—of which at least $212,491.81 is allocated toward PAGA Penalties and will be distributed as 65% to the LWDA and 35% to Aggrieved Employees, in compliance with PAGA law governing the claims in this Action. (*See* Settlement, ¶ 3.2.4.) This amount represents roughly **48%** of the realistic exposure for the claims ($212,491.81 / $437,500.00), as discussed below. (Moon Decl., ¶ 35.) Additionally, the release obtained under the Settlement exclude any claims for penalties under PAGA arising outside the PAGA Release Period. (*Id.* at ¶ 5.2.)

2. The Settlement Amount Provides a Realistic Value for the Claims that is within the "Ballpark" of Reasonableness

There can be no doubt that this Settlement is the result of vigorous, adversarial, non-collusive, and arm's-length negotiations between the Parties. (Moon Decl., ¶ 13.) Plaintiff's Counsel performed an extensive investigation into the facts, claims, and defenses at issue and Defendants' potential liability, including a review of governing law and analysis of informal discovery, including Defendants' written policies and time/pay data for a majority of Aggrieved Employees. (*Id.* at ¶¶ 11–12.) Plaintiff's Counsel used the foregoing discovery and investigation to prepare for mediation and, with the assistance of a statistics expert, assessed the probability of success on the merits and Defendants' monetary exposure, discussed the strengths and weaknesses of the claims and defenses in depth at mediation and months of continued negotiations, and ultimately negotiated the resulting Settlement. (*Id.* at ¶¶ 11–14.)

Based on Plaintiff's Counsel's analysis of the arguments and information provided by Defendants, on an expert analysis of the time and pay records, and on information from Plaintiff, Plaintiff's Counsel evaluated Defendants' both maximum (*optimistic*) and risk-adjusted (*realistic*) potential exposure in preparation for mediation. (*Id.* at ¶ 25.) Although the expert's analysis revealed that the time and pay records supported several violations by Defendants, those identifiable violations were primarily limited to the regular rate and meal period claims. (*Id.*) The records themselves did not provide strong support for the off-the-clock work, rest period, and expense reimbursement claims, and derivative penalties for those claims, as these claims are predominantly testimony based. (*Id.*) In other words, Plaintiff's analysis revealed that certain claims were not as strong as originally believed. (*Id.*)

Because Defendant did not require employees to record rest periods, there are no records to establish the rest period claim on the merits. Additionally, there are no records to establish the off-the-clock work claim on the merits. Rather, proof of these claims would need to be supported by declarations from Aggrieved Employees regarding missed rest periods and off-the-clock work as the records themselves cannot demonstrate what breaks were missed, when, and why and they cannot demonstrate the time, if any, Aggrieved Employees spent working off the clock.

Indeed, the maximum exposure figures that were calculated for mediation were based on assumed high violation rates that would not likely be demonstrated at trial, as they assume either the participation of all Aggrieved Employees (which would be difficult given the particularly large size of this group), or alternatively, the use of surveys or statistical data as a surrogate (which would still require the participation of a majority of Aggrieved Employees to establish a sound representation of all non-exempt employees). (*Id.* at ¶ 27.) The reality is that many, if not all, employees would be unwilling to participate due to fear of retaliation. (*Id.*) However, even assuming those employees would be willing to participate, obtaining such declarations would potentially reveal that each Aggrieved Employee had a different experience. (*Id.*) The individualized nature of their employment experience and the numerosity of employees affected present significant risk with manageability and proof on the merits. (*Id.*)

Even as to the regular rate, reporting time, and meal period claims, our analysis found that Defendants' exposure is less than initially believed. (*Id.* at ¶ 28.) As to meal periods, a review of the time/pay records shows a 50.2% violation rate for Defendants; however, the records also show that Defendants paid approximately 5,179 meal premium payments (representing 7.5% of the violations) and that 12.9% of the violations included a meal waiver for shifts over 6 hours. (*Id.*) As to the reporting time, only 3.9% of pay periods had reporting time. (*Id.*) As to the regular rate issue, Plaintiff's expert identified 125 total payments that were not factored into the regular rate of pay for purposes of paying sick pay, meal break premiums, and overtime, resulting in only 1.3% of pay periods with unpaid overtime, 0.6% of pay periods with unpaid meal break premiums, and 0.4% of pay periods with unpaid sick pay. (*Id.*) Moreover, these violation rates assume Plaintiff would be able to show the 125 bonus payments were non-discretionary payments that should have been factored into the regular rate. (*Id.*)

The likelihood that Defendants could assert viable legal defenses would likely further reduce its overall exposure. (*Id.* at ¶ 29.) For example, the individualized and testimony-intensive nature of the claims could bar manageability of this representative action or otherwise significantly reduce Defendants' overall liability. (*Id.*) Further, the maximum exposure analysis involved a claim-by-claim penalty calculation, which is overly optimistic as it presumes Plaintiff would be able to stack the penalties, although penalty stacking is not expressly permitted by PAGA. (*Id.* at ¶ 30.) Rather, without either (i) a prior finding by the LWDA or a court within the past five years that the employer violated PAGA or (ii) evidence that the employer's conduct was malicious, fraudulent, or oppressive, PAGA only provides for a maximum $100 penalty for each pay period. (Lab. Code § 2699(f)(2)(A)–(B).) Moreover, Plaintiff's

Counsel believe it would be unrealistic to expect the Court would award the full (penalty-stacked) exposure given the discretionary nature of awarding penalties and given Defendants' defenses, including that any failure to pay premiums, regular rate wages, reporting time, or for off-the-clock work was not knowingly or willfully done, and additionally, to the extent employees received wage statements that were allegedly inaccurate, employees suffered no actual resulting damage or harm. (Moon Decl., ¶ 30.) Moreover, awarding the full penalties amount would likely raise Due Process concerns. (*Id.*) For the foregoing reasons, the *realistic* exposure is thus far below the *optimistic* maximum estimate. (*Id.* at ¶ 31.)

Based on the foregoing, Plaintiff's Counsel believe it is more reasonable to assess penalties on a $100 civil penalty per pay period basis pursuant to Labor Code § 2699(f)(2)(A) for each of the estimated 17,500 pay periods at issue, as opposed to a claim-by-claim approach. (*Id.* at ¶ 32.) Accordingly, Plaintiff's Counsel estimate Defendants' maximum PAGA exposure to be **$1,750,000.00** ($100 x 17,500). (*Id.*) However, based on the discovery, Defendants' arguments at mediations and continued settlement discussions, an understanding that the claims are heavily dependent on the unlikely participation by Aggrieved Employees and their varying employment experience, and other important considerations discussed above, it is reasonable to assume a violation occurred only in at most one-third of all pay periods, which results in a realistic (*risk-adjusted*) exposure of **$437,500.00** ($1,750,000.00 / 4). (*Id.*) As a result, the GSA of $385,000.00 represents roughly **88%** of the realistic exposure ($385,000.00 / $437,500.00). (*Id.*)

The proposed Settlement therefore represents a substantial recovery when compared to the reasonably forecasted recovery. (*Id.* at ¶ 33.) When considering the risks of litigation, the uncertainties involved in continued litigation, the burdens of proof necessary to establish liability, and the probability of appeal, it is clear the GSA of $385,000.00 is within the "ballpark" of reasonableness, and that settlement approval is appropriate. (*Id.*; *Kullar v. Foot Locker Retail, Inc*. (2008) 168 Cal.App.4th 116, 133; *see Munoz v. BCI Coca-Cola Bottling Co. of L.A.* (2010) 186 Cal.App.4th 399, 408–09 [holding that *Kullar* does not require "an explicit statement of the maximum amount the plaintiff class could recover if it prevailed on all its claims," but instead, only an "understanding of the amount that is in controversy and the realistic range of outcomes of the litigation"].)

3. The Settlement is a Fair and Reasonable Result Following a Thorough Investigation and Accounting of Various Litigation Risks

Plaintiff's Counsel have conducted a thorough investigation into the facts of the allegations. (Moon Decl., ¶ 36.) Based on the foregoing discovery and on their own independent investigation and evaluation, Plaintiff's Counsel are of the opinion that the proposed Settlement is fair, reasonable, and adequate. (*Id.*) Furthermore, considering all known facts and circumstances, the risk of significant delay, trial risk, appellate risk, the defenses that could be asserted by Defendants on the merits, the Settlement is in the best interests of the Aggrieved Employees and the State of California. (*Id.*)

Although Plaintiff's Counsel believe there is merit to Plaintiff's allegations, they also acknowledge a legitimate controversy exists as to each allegation. (*Id.* at ¶ 37.) Plaintiff's Counsel also recognize that proving the amounts of penalties owed to each Aggrieved Employee would be an expensive, time-consuming, and uncertain proposition. (*Id.*) Moreover, Plaintiff's Counsel are also of the opinion that because the issues here are fairly contested, there is a possibility of the Court not awarding PAGA penalties even if Plaintiff prevailed on the merits due to the largely discretionary nature of awarding PAGA penalties. (*Id.* at ¶ 38.) Indeed, a Court may reduce PAGA penalties "if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory." (Lab. Code § 2699(e)(2).) In other words, were this matter to go to trial, any award granted would be at the discretion of the Court and subject to a substantial reduction. (Moon Decl., ¶ 38.) While Plaintiff's Counsel believe there would be no persuasive grounds to reduce penalties, they recognize that the Court could determine otherwise and significantly reduce any award of penalties. (*Id.* at ¶ 39.) This wide range of potential recovery and additional delays and risks of trial provide justification to settle for a reasonable amount of recovery at this point in the litigation. (*Id.*) In all, based on the investigation and analysis of the claims in preparation for mediation, the maximum exposure did not comport with the realistic exposure that Defendants faced, as discussed above. (*Id.*)

Plaintiff's Counsel considered the risk of not being able to proceed on a representative basis at all due to the potential manageability issues, the risk of not prevailing at trial, and the risk that even if Plaintiff prevailed at trial, the penalties would be limited due to the largely discretionary nature of awarding PAGA penalties. (*Id.* at ¶ 40.) The provisions of the Labor Code triggering PAGA penalties in this case include Labor Code sections 203, 210, 226, 1197.1, and 2802. (*Id.*) However, PAGA penalties are not mandatory, but rather, permissive. (Lab. Code § 2699(e)(2).) Accordingly, it is entirely possible that even if Plaintiff would be successful at trial, assuming he is first able to win on the merits regarding his individual claims at arbitration and then defeat the manageability issues presented at litigation by the large number of Aggrieved Employees in this action, Plaintiff may still be awarded substantially less than what was obtained through the Settlement. (Moon Decl., ¶ 40.)

The Settlement avoids the significant risks, burdens, and the accompanying expense of further litigation. (*Id.* at ¶ 41.) Though the Parties have engaged in a significant amount of investigation, informal discovery, and employee data analysis, they have not participated in formal discovery procedures, including depositions and expert discovery. (*Id.*) Moreover, Plaintiff would have to proceed with arbitration of his individual claims and win on the merits before proceeding with litigation of the representative PAGA claims. (*Id.*) Preparation for trial and the prospect of appeals in the wake of any summary judgment ruling would remain for the Parties. (*Id.*) As a result, the Parties would incur considerably more attorneys' fees and costs through trial, a lengthy and uncertain process that could result in recovering less than was settled for. (*Id.*)

C. <u>The Enhancement to Plaintiff Is Reasonable and Should Be Approved</u>

Service awards are particularly important to plaintiffs in wage and hour cases because they promote the important public policies underlying the wage and hour laws. This strong policy is codified in California Labor Code section 90.5, which provides, "[i]t is the policy of this state to vigorously enforce minimum labor standards in order to ensure employees are not required or permitted to work under substandard unlawful conditions . . ." (Lab. Code § 90.5.) Nonetheless, the California Supreme Court has noted that "retaliation against employees for asserting statutory rights under the Labor Code is widespread," despite anti-retaliation statutes designed to protect employees. (*Gentry v. Super. Ct.* (2007) 42 Cal.4th 443, 460–61.) In this context, PAGA representatives should be rewarded for assuming the risk of retaliation for the sake of aggrieved employees.

Here, in light with the Settlement and subject to the Court's approval, Plaintiff requests an Enhancement Award of $7,500.00. (Settlement, ¶ 3.2.1.) Plaintiff and his Counsel respectfully submit that the requested enhancement is reasonable in recognition of Plaintiff's role as the named Plaintiff and PAGA Representative, for the risks to future employment inherent in undertaking this role and for his service and participation in litigation that resulted in a fair settlement under PAGA. (Moon Decl., ¶¶ 42–45; Declaration of Plaintiff Jesse William Soriano in Support of Motion for Approval of PAGA Settlement, ¶¶ 6–19.)

D. <u>The Requested Attorneys' Fees/Costs are Reasonable and Should be Approved</u>

In line with the Settlement, my firm requests an award of attorneys' fees in an amount of one-third of the GSA (i.e., $128,333.33,), plus reimbursement for actual litigation costs in the amount of $30,174.86. (Moon Decl., ¶ 65; *see* Settlement, ¶ 3.2.2.)

1. Plaintiff's Counsel Request an Award of Fees Based on the Common Fund Method

California courts have long awarded attorneys' fees as a percentage of the benefit created by counsel in pursuing claims on behalf of a class. (*See, e.g.*, *Serrano v. Priest* (1977) 20 Cal.3d 25.) The California Supreme Court has held, "when a number of persons are entitled in common to a specific fund, and an action brought by a plaintiff or plaintiffs for the benefit of all results in the creation or preservation of that fund, such plaintiff or plaintiffs may be awarded attorney's fees out of the fund." (*Id.* at p. 34.)

Here, Plaintiff's Counsel seek an award of attorneys' fees on the "percentage of recovery/common fund" theory. (Moon Decl., ¶ 66.) The purpose of this approach is to "spread litigation costs proportionately among all the beneficiaries so that the active beneficiary does not bear the entire burden alone." (*Vincent v. Hughes Air W., Inc.* (9th Cir. 1977) 557 F.2d 759, 769.) In *Quinn v. State of Cal.* (1975) 15 Cal.3d 162, the California Supreme Court stated, "one who expends attorneys' fees in winning a suit which creates a fund from which others derive benefits, may require those passive beneficiaries to bear a fair share of the litigation costs." (*Id.* at p. 167.) Similarly, in *City and County of San Francisco v. Sweet* (1995) 12 Cal.4th 105, the California Supreme Court recognized that the common fund doctrine has been applied "consistently in California when an action brought by one party creates a fund in which other persons[ ] are entitled to share." (*Id.* at pp. 110–11 [pincite omitted].) The reasons for applying this doctrine include:

> fairness to the successful litigant, who might otherwise receive no benefit because his recovery might be consumed by the expenses; correlative prevention of an unfair advantage to the others who are entitled to share in the fund and who should bear their

> share of the burden of its recovery; encouragement of the attorney for the successful litigant, who will be more willing to undertake and diligently prosecute proper litigation for the protection or recovery of the fund if he is assured that he will be properly and directly compensated should his efforts be successful.

(*Id.* at p. 111.)

Several courts have expressed frustration with the alternative "lodestar" approach for deciding fee awards, which usually involves wading through voluminous and often indecipherable time records. Commenting on the lodestar approach, Chief Judge Marilyn Hall Patel wrote in *In re Activision Securities Litigation* (N.D. Cal. 1989) 723 F.Supp.1373:

> **This court is compelled to ask, "Is this process necessary?" Under a cost-benefit analysis, the answer would be a resounding, "No!"** Not only do the *Lindy* and *Kerr–Johnson* analyses consume an undue amount of court time with little resulting advantage to anyone, but, in fact, it may be to the detriment of the class members.

(*Id.* at p. 1375 [emphasis added].) The percentage approach is preferable to the lodestar because: (1) it aligns the interests of class counsel and absent class members; (2) it encourages efficient resolution of the litigation by providing an incentive for early, yet reasonable, settlement; and (3) it reduces the demands on judicial resources. (*Id.* at pp. 1378–79.) California Courts now routinely use the percentage of the common fund approach to determine the award of attorney's fees. (*See*, *e.g.*, *In re Pac. Enter. Sec. Litig.* (9th Cir. 1995) 47 F.3d 373, 378–79 [approving attorneys' fee award of 33%].)

2. The Matter Involves a Fee and Cost Shifting Provision under PAGA

Labor Code section 2699 provides for the recovery reasonable attorney's fees as well as costs of suit. (Lab. Code § 2699(k)(1).) Specifically, it states: "Any employee who prevails in any [PAGA] action shall be entitled to an award of reasonable attorney's fees and costs . . ." (*Id.*) Under this provision, Plaintiff would be permitted to recover his actual attorneys' fees, even if those fees were larger than the total recovery for the Aggrieved Employees at the conclusion of this case. (*Id.*) This fee/cost-shifting provision reflects the understanding that Plaintiff's Counsel must accept significant risk of substantial expenses and consumption of time, energy, and other resources in litigating a PAGA claim, and thus, that Plaintiff's Counsel is not only permitted, but entitled, to recover reasonable attorneys' fees and costs if successful in litigating a PAGA claim.

The Settlement at issue is beneficial in that it limits the risk of continued expenses and consumption of time, energy, and resources facing Defendants while at the same time rewarding Plaintiff's Counsel for their decision to assume risk by taking on this matter. In fact, prosecution of this action involved significant financial risk for Plaintiff's Counsel who undertook this matter on a contingent basis, with no guarantee of recovery. (Moon Decl., ¶¶ 71–73.) Once Plaintiff's Counsel undertook this litigation on behalf of the Aggrieved Employees, they committed to pursue it to its conclusion, and were accordingly precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain. (*Id.* at ¶ 73.)

3. Counsel's Experience, Reputation, and Ability Support the Requested Fee Award

As demonstrated by their prior experience in pursuing class and representative actions on behalf of employees, Plaintiff's Counsel possess considerable expertise in litigating class action and representative matters. (*Id.* at ¶¶ 46–63.) Plaintiff's Counsel have been involved as lead counsel or co-counsel in a multitude of class and representative actions resulting in beneficial results to class members and aggrieved employees in California. (*Id.*) Because it is reasonable to compensate Plaintiff's Counsel commensurate with their skill, reputation, and experience, the requested fee award is supported here.

Plaintiff's Counsel's experience in wage-and-hour class and representative actions was integral in evaluating the strengths and weaknesses of the case against Defendants and the reasonableness of this Settlement. (*Id.* at ¶ 63.) Practice in the narrow field of wage-and-hour litigation requires skill and knowledge concerning the rapidly evolving substantive law (state and federal), as well as the procedural law of representative action litigation. (*Id.* at ¶ 62.) Based on these and other factors, Plaintiff's Counsel have frequently received fee awards of this percentage from the gross recovery for aggrieved employees. (*See id.* at ¶¶ 50, 55, 60.) Thus, the requested fee award is reasonable and fair.

4. While the Lodestar Method is Not Necessary in Common Fund Cases, the Court May Perform a Cross-Check to Award Fees

"Despite its primacy, the lodestar method is not necessarily utilized in common fund cases." (*Lealao v. Beneficial Cal., Inc.* (2000) 82 Cal.App.4th 19, 27.) Courts have criticized the lodestar method as a drain on the judicial system and a disincentive on attorneys to take on high-risk, challenging cases. (*Id.* at p. 29.) Indeed, the lodestar approach: "(1) 'increases the workload of an already overtaxed judicial system,' (2) is 'insufficiently objective and produce[s] results that are far from homogenous,' (3) 'creates a sense of mathematical precision that is unwarranted in terms of the realities of the practice of law,' (4) 'is subject to manipulation by judges who prefer to calibrate fees in terms of percentages of the settlement fund or the amounts recovered by the plaintiffs or of an overall dollar amount,' (5) 'encourages lawyers to expend excessive hours, and . . . engage in duplicative and unjustified work,' (6) 'creates a disincentive for the early settlement of cases,' (7) deprives trial courts of 'flexibility to reward or deter lawyers so that desirable objectives, such as early settlement, will be fostered,' (8) 'works to the particular disadvantage of the public interest bar,' and (9) results in 'confusion and lack of predictability.'" (*Id.* [quoting Third Circuit Task Force, *Court Awarded Attorney Fees* (1985) 108 F.R.D. 237, 246–49].)

Although California Courts support the common fund doctrine, the lodestar method can be used to cross-check fee awards. "It may be appropriate in some cases, assuming the class benefit can be monetized with a reasonable degree of certainty, to 'cross-check' or adjust the lodestar in comparison to a percentage of the common fund to ensure that the fee awarded is reasonable and within the range of fees freely negotiated in the legal marketplace in comparable litigation." (*In re Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 557 [quoting *Lealao*, *supra*, 82 Cal.App.4th at pp. 49–50].) Applying the lodestar method is a two-step process. The first step is to multiply the number of hours reasonably expended by a reasonable hourly rate, and the second step is to apply a multiplier to the lodestar to account for various factors. (*Id.* at p. 556.) "The purpose of such adjustment is to fix a fee at the fair market value for the particular action. In effect, the court determines, retrospectively, whether the litigation involved a contingent risk or required extraordinary legal skill justifying augmentation of the unadorned lodestar in order to approximate the fair market rate for such services." (*Id.*) "Under certain circumstances, a lodestar calculation may be enhanced on the basis of a percentage-of-the-benefit analysis." (*Id*. at pp. 556–57.)

Further, "California case law permits fee awards in the absence of detailed time sheets." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 255.) The Court "should defer to the winning lawyer's professional judgment as to how much time he was required to spend on the case." (*Moreno v. City of Sacramento* (9th Cir. 2008) 534 F.3d 1106, 1112.) Generally, hours are reasonable if they were "reasonably expended in pursuit of the ultimate result achieved in the same manner that an attorney traditionally is compensated by a fee-paying client." (*Hensley v. Eckerhart* (1983) 461 U.S. 424, 431.)

Here, Plaintiff's Counsel current lodestar is *no less than* **$86,742.50**, which is based on *no less than* **108.3 hours** of attorney time spent to-date at their customary hourly rates. (Moon Decl., ¶ 67.) Thus, in comparison to the requested attorneys' fees, the lodestar represents a multiplier of **1.48**. (*Id.* at ¶¶ 69–70.) Further, the foregoing lodestar does not reflect additional works that will be devoted to this litigation, including to obtain and monitor approval of the Settlement and requested awards, oversee the settlement administration process and distribution of funds, respond to inquiries, and communicate with Plaintiff regarding the case. (*Id.* at ¶ 68.) The amount of fees requested under the Settlement is warranted based on the contingent risk that Plaintiff's Counsel incurred, the difficulty of the questions involved, the substantial benefit conferred on the Aggrieved Employees and State of California as a result of the Settlement, and the skill displayed by Plaintiff's Counsel. (*Id.* at ¶ 72.) Plaintiff's Counsel also bear the risk of taking whatever actions are necessary if Defendants fail to pay. (*Id.*) Thus, the request for attorneys' fees is more than reasonable under a lodestar check.

5. Plaintiff's Counsel's Costs Were Actually and Reasonably Incurred

Winning counsel are entitled to recover the out-of-pocket costs and expenses they reasonably incurred in investigating, prosecuting, and settling a case. (*Staton v. Boeing Co.* (9th Cir. 2003) 327 F.3d 938, 974; Lab. Code § 2699(k)(1).) Here, Plaintiff's Counsel seek reimbursement in the total amount of $30,174.86 for expenses, to-date, that were actually and reasonably incurred in this litigation. (Moon Decl., ¶ 75, Ex. 4.) Moreover, this amount is below the maximum allocation under the Settlement and thus, the remainder ($1,825.14) will revert to the PAGA Penalties. (*Id.* at ¶ 76; Settlement, ¶ 3.2.2.) Thus, costs should be reimbursed in full.

IV. <u>CONCLUSION</u>

For the foregoing reasons, Plaintiff respectfully requests the Court grant approval of the Settlement and enter the proposed approval order and proposed judgment submitted herewith.

Respectfully submitted,

DATED: February 3, 2026 **MOON LAW GROUP, PC**

By: ______________________________

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