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SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF ALAMEDA

BRIA WARE, an individual, on behalf of herself
and on behalf of all persons similarly situated,
Plaintiff,

v.

SHAKE SHACK ENTERPRISES LLC, a New
York Limited Liability Company; and DOES 1-
50, Inclusive.

Defendants.

Case No. 21CV002063

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF MOTION
FOR FINAL APPROVAL OF CLASS
ACTION AND PAGA SETTLEMENT**

Date: October 17, 2023
Time: 3:00 p.m.

Judge: Hon. Brad Seligman
Dept.: 23

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I. INTRODUCTION

Plaintiff BRIA WARE (hereinafter “Plaintiff”) seeks final approval of the Stipulation of Settlement of Class and PAGA Action Claims and Release of Claims (“Agreement”)¹, which if approved, would provide valuable monetary relief for 7,729 Settlement Class Members employed by Defendant SHAKE SHACK ENTERPRISES LLC (hereinafter, “Defendant”) during the Class Period.

In an order dated May 26, 2023, this Court preliminarily approved the Agreement and preliminarily certified the Class. Declaration of Jean-Claude Lapuyade (“JCL Dec.”), ¶ 5. On July 6, 2023, the Court-approved Class Notice was mailed to each Class Member via U.S. First Class Mail. Declaration of Makenna Snow (“ILYM Dec.”), ¶ 7.

The Class greeted news of the Settlement with nearly unanimous approval. There are zero objections and only one opt-out to the Settlement. ILYM Dec., ¶¶ 11-12. The 99.99% approval by the Class evidences the clear fairness and reasonableness of the Settlement. JCL Dec., ¶ 8.

An objective evaluation of the proposed settlement of One Million Three Hundred Thirty Thousand Dollars and Zero Cents (\$1,330,000.00) (“Gross Fund Value”) confirms that the relief negotiated on behalf of the Settlement Class Members is fair, reasonable, and valuable. The Settlement is a product of informed, adversarial, and non-collusive negotiations, between experienced counsel, and presided over by Steven J. Rottman, Esq. After deducting any Court-approved attorneys’ fees and costs, class representative enhancement award, administration costs, and the payments to the Labor & Workforce Development Agency (“LWDA”), the Net Fund Value shall be distributed to Settlement Class Members based on the number of Workweeks they were employed by Defendant during the Class Period. JCL Dec., ¶ 8.

This Settlement provides substantial recovery for Defendant’s alleged wage and hour violations. Plaintiff estimates that the Settlement, if approved, would result in a Net Fund Value of approximately \$746,666.67. This will result in an average Individual Settlement Payment of **\$96.62** and high payment of **\$625.56**. JCL Dec., ¶ 9; ILYM Dec. at ¶ 15.

¹ The Agreement is attached as Ex “1” to the Declaration of Jean-Claude Lapuyade (“JCL Dec.”) at ¶ 3. All citations to the Agreement incorporate by this reference a citation to the JCL Dec., ¶ 3. Further, unless indicated otherwise, capitalized terms used herein have the same meaning as those defined by the Agreement.

1 The relief offered by the Settlement is immediate and is particularly impressive when viewed
2 against the difficulties encountered by plaintiffs pursuing similar wage and hour cases (*see infra*).
3 Indeed, by settling now rather than proceeding to trial, the Class will not have to wait (possibly years)
4 for relief, nor will they have to bear the risks associated with prolonged and uncertain litigation. JCL
5 Dec., ¶ 10.

6 As discussed below, the proposed Settlement satisfies all criteria for final settlement approval
7 under California law and falls well within the range of reasonableness. Accordingly, the Class
8 Representative and Class Counsel respectfully request this Court grant final approval of the Agreement
9 and, entry of the proposed Final Approval Order and Judgment. JCL Dec., ¶ 11.

10 **II. OVERVIEW OF THE LITIGATION**

11 Defendant is a New York limited liability company that owns and operates a chain of Shake
12 Shack restaurants in California. This action asserts claims on behalf of Defendant's non-exempt
13 employees working in California. Plaintiff worked for Defendant as a non-exempt employee in
14 California during 2021. At all times during her employment, Plaintiff earned an hourly wage, including
15 overtime, and was entitled to legally compliant meal and/or rest periods. Throughout her employment,
16 Plaintiff was subject to Defendant's written policies and procedures. JCL Dec., ¶ 12.

17 Generally, Plaintiff claims that Defendant failed to provide compliant meal and rest periods,
18 failed to pay overtime, meal premiums, and sick pay, at the correct regular rate of pay, failed to furnish
19 accurate itemized wage statements, failed to pay all wages when due and failed to reimburse employees
20 for mandatory business expenses. Defendant forcefully denies liability for each of Plaintiff's claims.
21 Further, Defendant asserts that it fully complied with all applicable employment laws and raised several
22 other significant defenses to Plaintiff's claims, including but not limited to, facially compliant meal and
23 rest period policies, compliant wage statements, and timely payment all wages due upon separation of
24 employment. JCL Dec., ¶ 13.

25 On August 19, 2021, Plaintiff filed a Notice of Violations ("PAGA Notice") with the Labor and
26 Workforce Development Agency ("LWDA") and served the same on Defendant. Plaintiff's PAGA
27 Notice set forth the facts and theories supporting Defendant's alleged violations of various California
28

1 Labor Code and applicable Industrial Welfare Commissions (“IWC”) Wage Order and of her intent to
2 pursue claims under the California Labor Code Private Attorneys General Act, Cal. Lab. Code sections
3 2698, *et seq.* (“PAGA”). JCL Dec., ¶ 14.

4 On November 8, 2021, Plaintiff filed a class action complaint in the Alameda Superior Court,
5 Case Number 21CV002063 (“Action”). The Action alleged nine causes of action against Defendant
6 for: (1) Unfair Competition in Violation of California Business and Professions Code §§ 17200; (2)
7 Failure to Pay Overtime Wages in Violation of California Labor Code §§ 510 *et seq.*; (3) Failure to Pay
8 Minimum Wages in Violation of California Labor Code §§ 1194, 1197 and 1197.1 (4) Failure to
9 Provide Required Meal Periods in Violation of Cal. Lab. Code §§ 226.7 and 512; (5) Failure to Provide
10 Required Rest Periods in Violation of Cal. Lab. Code §§ 226.7 and 512; (6) Failure to Reimburse
11 Employees for Required Expenses in Violation of Cal. Lab. Code § 2802; (7) Failure to Provide
12 Accurate Itemized Wage Statements in Violation of Cal. Lab. Code §226; (7) Failure to Provide Wages
13 When Due in Violation of Cal. Lab. Code §§ 201, 202 and 203; (8) Failure to Provide Reporting Time
14 Pay in Violation of Wage Order No. 5; and (9) Violation of the Private Attorneys General Act [Labor
15 Code §§ 2698 *et seq.*]. JCL Dec., ¶ 15.

16 Plaintiff and Defendant agreed to mediate the Action with Steven J. Rottman, Esq., an
17 experienced wage and hour mediator. In anticipation of mediation, the Parties agreed to stay formal
18 discovery and continue deadlines for class certification in the Action. To prepare for mediation,
19 Defendant agreed to informally produce documents and data points subject to the mediation privilege,
20 including but not limited to, a sample of the Class Members’ time and payroll records. As discussed
21 *infra*, Plaintiff’s counsel retained the forensic consultants at Berger Consulting Group (“BCG”) to
22 analyze Defendant’s time and payroll data. JCL Dec., ¶ 16.

23 On November 14, 2022, the Parties participated in a full day mediation with Mr. Rottman. After
24 arms-length negotiations and bargaining, the Parties reached an agreement to settle and signed a
25 Memorandum of Understanding. Subsequently, the Parties drafted and negotiated a long-form
26 settlement agreement, which is the subject of the instant motion. The Parties now seek approval of the
27 entire Agreement. JCL Dec., ¶ 17.

1 On May 26, 2023, this Court granted preliminary approval of the Settlement. JCL Dec., ¶ 4. On
2 July 6, 2023, the Settlement Administrator mailed Notice Packets to all 7,729 Class Members. ILYM
3 Dec., ¶ 7. The mailing of the Notice Packets triggered a forty-five (45) day Response Deadline for the
4 Class to submit requests for exclusion or objections to the Settlement. The response from the Class to
5 the Settlement was outstanding – 99.99% of the Class Members are participating in the Settlement.
6 ILYM Dec., ¶¶ 13.

7 **III. THE SETTLEMENT BEFORE THE COURT**

8 The Court preliminarily approved an initial Gross Fund Value of One Million Three Hundred
9 Thirty Thousand Dollars (\$1,330,000.00) based on a total of an estimated 220,817 workweeks that the
10 Class were employed during the Class Period. The Gross Fund Value shall be used: (1) to satisfy
11 Individual Class Settlement Payments; (2) to satisfy the Enhancement Award; (3) to satisfy the Class
12 Counsel Fees Payment and the Class Counsel Litigation Expenses Payment (collectively hereinafter
13 “Class Counsel Fees and Expenses Payment”); (4) to satisfy the PAGA Civil Penalty Payment; and (5)
14 to satisfy the Administration Expenses incurred in this action. JCL Dec., ¶ 18.

15 Defendant will fund the Settlement by transferring the Gross Fund Value into a Qualified
16 Settlement Fund within thirty (30) business days after the Effective Date. Agreement, ¶ I(P). The
17 Settlement Administrator shall disburse the Individual Settlement Payments to the Settlement Class
18 Members upon receipt of the funds. Agreement, ¶ III(L)(7). The Settlement Administrator will calculate
19 Individual Settlement Payments by adding up the total number of Workweeks for all Class Members.
20 The Settlement Administrator will then divide the Net Fund Value of the Workweek Total, resulting in
21 a Workweek Value for each Class Member. Each Workweek Value is then multiplied by the number of
22 Workweeks of all Settlement Class Members to calculate each estimated Individual Settlement
23 Payments. Agreement, ¶ III(L)(1). The estimated average Individual Class Settlement Payment is
24 approximately **\$96.62**. ILYM Dec., ¶ 15.

25 In exchange for the valuable consideration, as of the funding of the Gross Fund Value, the
26 Settlement Class Member will release the Released Parties from the Released Class Claims that accrued
27 during the Class Period. Agreement, ¶ III(B).

1 ILYM Group, Inc. was appointed as the Settlement Administrator for the Class. The
2 Administration Expenses include those expenses of effectuating and administering the Settlement, i.e.,
3 the costs incurred by the Settlement Administrator, the costs of giving notice to the Class, the costs of
4 administering and disbursing the Individual Settlement Payments, and the fees of the Settlement
5 Administrator approved for reimbursement by the court. The Settlement Administrator expenses are
6 \$50,000. ILYM Dec., ¶ 17. These expenses shall be paid from the Gross Fund Value. Agreement, ¶
7 III(L)(12).

8 Subject to Court approval, Class Counsel shall seek a Class Counsel Fees and Expenses Payment
9 in the amount of \$473,333.33 comprised of attorneys' fees equal to one-third (33.33%) of the Gross
10 Fund Value estimated to be at least \$443,333.33 and up to \$30,000 for actually incurred litigation
11 expenses. Agreement, ¶ III(L)(10). Plaintiff's counsel is to split the fees 50% to the JCL Law Firm,
12 APC, and 50% to the Zakay Law Group, APLC. Agreement, ¶ I(F). The Agreement also provides for
13 an Enhancement Award in the amount of \$10,000 for Plaintiff, in consideration of her time, risk, and
14 efforts as the Class Representative on behalf of the Class. Agreement, ¶ III(L)(9).

15 As explained in further detail below, the Settlement is fair, adequate, and reasonable to the class
16 and should be granted final approval. This is evidenced by the nearly unanimous approval of the
17 Settlement by the Class, the absence of any objections to the Settlement and the average Individual
18 Settlement Payment of \$96.62. ILYM Dec., ¶¶ 13, 15; JCL Dec., ¶ 19.

19 **IV. GENERAL STANDARDS APPLICABLE TO JUDICIAL REVIEW AND APPROVAL**
20 **OF CLASS ACTION SETTLEMENTS**

21 Settlements of disputed claims are favored by the courts. *Huens v. Tatum* (1997) 52 Cal.App.4th
22 259, 265. In evaluating settlements, the courts have long recognized that compromise is particularly
23 appropriate since such litigation is difficult and notoriously uncertain. *7-Eleven Owners for Fair Fran.*
24 *v. Southland Corp.* (2000) 85 Cal.App.4th 1135, 1151 ("voluntary conciliation and settlement are the
25 preferred means of dispute resolution. This is especially true in complex class action litigation").

26 "[T]o prevent fraud, collusion or unfairness to the class, the settlement or dismissal of a class
27 action requires court approval." *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1801 *citing*

1 *Malibu Outrigger Bd. Of Governors v. Superior Court* (1980) 103 Cal.App.3d 573, 578-579. The court
2 must decide whether the proposed settlement falls within the range of reasonable settlements,
3 considering that settlements are compromises between the parties reflecting subjective, unquantifiable
4 judgments concerning the risks and possible outcomes of litigation. See also *Wershba v. Apple*
5 *Computer* (2001) 91 Cal.App.4th 224, 2246 (The proposed settlement is not to be judged against a
6 hypothetical or speculative measure of what might have been achieved had plaintiffs prevailed at trial.”).
7 In *Wershba*, appellants argued that the settlement was too low given the “clear” liability, however, the
8 Court rejected this argument and held that “the merits of the underlying class claims are not a basis for
9 upsetting the settlement of a class action.” *Wershba, supra*, at 246; *see also 7-Eleven, supra*, at 1150.

10 In these cases, Courts have repeatedly emphasized that there is a strong initial presumption that
11 the compromise is fair and reasonable. *Wershba*, 91 Cal.App.4th at 245. Courts should not substitute
12 their judgment for that of the parties who negotiated the settlement. *Id.* At 246. The presumption of
13 fairness exists where: (1) investigation and discovery are sufficient to allow counsel and the court to act
14 intelligently; (2) the settlement is reached through arm’s-length bargaining; (3) counsel is experienced
15 in similar litigation; and (4) the percentage of objectors is small. *Dunk*, 48 Cal.App.4th at 1801, citing
16 Newberg & Conte, *Newberg on Class Actions*, (3d ed. 1992) §11.41, pp. 11-91. Here, all of these factors
17 support a presumption of fairness.

18 The essential evaluation is whether, given the risks of litigation and the range of probable results,
19 the settlement, taken as a whole, is fair, reasonable, and adequate to all concerned. Here, the facts and
20 circumstances compel the conclusion that the proposed settlement satisfies that standard.

21 **V. THE SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE**

22 The court must determine whether the settlement is fair, adequate, and reasonable. *Dunk v. Ford*
23 *Motor Co.* (1996) 48 Cal.App.4th 1794, 1801; *see also Officers for Justice v. Civil Service Com'n* (9th
24 Cir. 1982) 688 F. 2d 615, 625. The purpose of the requirement is "the protection of those class members,
25 including the named plaintiffs, whose rights may not have been given due regard by the negotiating
26 parties." *Dunk, supra*, at 1801.

27 The trial court has broad discretion to determine whether the settlement is fair. *Rebney v. Wells*

1 *Fargo Bank* (1990) 220 Cal.App.3d 1117, 1138. “The well-recognized factors that the trial court should
2 consider in evaluating the reasonableness of a class action settlement agreement include 'the strength of
3 plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of
4 maintaining class action status through trial, the amount offered in settlement, the extent of discovery
5 completed and the stage of the proceedings, the experience and views of counsel, the presence of a
6 governmental participant, and the reaction of the class members to the proposed settlement.' [Citations.]”
7 *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 128; see also *Munoz v. BCI Coca-Cola*
8 *Bottling Co. of Los Angeles* (2010) 186 Cal.App.4th 399, 408.

9 The list of factors is not exhaustive and should be tailored to each case. *Dunk, supra*, at 1801.
10 Due regard should be given to what is otherwise a private consensual agreement between the parties.
11 *Id.* The inquiry “must be limited to the extent necessary to reach a reasoned judgment that the agreement
12 is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the
13 settlement, taken as a whole, is fair, reasonable and adequate to all concerned.” *Id.* “Ultimately, the
14 [trial] court's determination is nothing more than 'an amalgam of delicate balancing, gross
15 approximations and rough justice.' [Citation omitted.]” *Id.*

16 These factors are analyzed seriatim below and all support final approval of the class action
17 settlement before this Court.

18 **A. Class Counsel Conducted a Thorough Investigation.**

19 As detailed in the motion for preliminary approval, Class Counsel thoroughly investigated the
20 proposed Class Members’ claims, applicable law, and potential defenses. Specifically, Class Counsel
21 assessed the value of the class claims using data and documents provided by Defendant through formal
22 and informal discovery. Class Counsel obtained time, payroll, and policy records, as well as data
23 regarding the number of Class Members, workweeks, and average rate of pay to assess damages before
24 mediation. Class Counsel retained BCG to analyze Defendant’s time and payroll data to formulate
25 damage models estimating Defendant’s liability exposure. Class Counsel’s investigation, research,
26 experience, and damage models informed and guided the mediated negotiations that resulted in this
27 settlement. Accordingly, Plaintiff’s Counsel fully understood the strengths and weaknesses of the class

claims before the parties reached a settlement. JCL Dec., ¶ 20-27.

B. The Parties Settled Following Mediation.

On November 14, 2022, the Parties conducted a full day mediation with Steven J. Rottman, Esq., an experienced wage and hour mediator. Mediator Rottman helped to manage the Parties' expectations and provided a useful, neutral analysis of the issues and risks to both sides. The Parties made substantial progress with Mediator Rottman's assistance. Namely, the Parties exchanged information regarding their respective claims and defenses, including their respective evaluations of the damages. After more than eight hours of arm's length and adversarial negotiations, the mediation concluded with a settlement. The amount of the enhancement award was not negotiated until after the parties agreed to the Gross Fund Value and many other terms. JCL Dec., ¶ 28. No action would likely have been taken by Class Members individually, and no compensation would have been recovered for them, but for Plaintiff's service on behalf of the Class.

C. Class Counsel is Experienced in Similar Litigation.

Class Counsel in this matter has extensive class action experience in multiple fields and has represented tens-of-thousands of persons in class actions. Counsel has previously litigated similar wage and hour class actions involving similar claims. Class Counsel has been approved as class counsel in similar wage and hour class actions throughout the State of California. As such, courts throughout California have deemed Class Counsel experienced and knowledgeable in this area of law. Class Counsel has participated in every aspect of the settlement discussions and has concluded the settlement is fair, adequate, and reasonable and in the best interests of the Class. JCL Dec., ¶¶ 29-35; Declaration of Shani Zakay ("Zakay Dec."), ¶¶ 1-3.

D. The Class Responded Positively to the Settlement.

The reaction of the Class unequivocally supports approval of the Settlement. Significantly, after dissemination of the notice to the Class, which provided each class member with the terms of the Settlement, including the specific estimated Individual Class Settlement Payments. To date, only one of the 7,729 members of the Class opted out of the Settlement. Moreover, there are zero objections. Stated differently, 99.99% of the Class chose to participate in the Settlement. JCL Dec., ¶ 8; ILYM

Dec., ¶¶ 11-13.

The unanimous approval by the Class strongly supports a finding that the Settlement is fair, reasonable, and adequate. *See In re Austrian & German Bank Holocaust Litigation* (S.D.N.Y. 2000) 80 F.Supp.2d 164, 175 ("If only a small number of objections are received, that fact can be viewed as indicative of the adequacy of the settlement."); *Stoetznner v. U.S. Steel Corp.* (3d. Cir. 1990) 897 F.2d 115, 118-119 (29 objections out of 281 member class "strongly favors settlement"); *Laskey v. Int'l Union* (6th Cir. 1981) 638 F.2d 954 (The fact that 7 out of 109 class members objected to the proposed settlement should be considered when determining fairness of settlement.). Consequently, Class Counsel respectfully requests the Court to follow the unanimous approval of the Class and grant final approval of the Settlement.

E. The Gross Fund Value is Fair and Reasonable.

The Gross Fund Value of One Million Three Hundred Thirty Thousand Dollars and Zero Cents (\$1,330,000.00) in this case is fair and well within the range of recognized reasonableness. The *Kullar* court acknowledged that "as the court does when it approves a settlement as in good faith under Code of Civil Procedure section 877.6, the court must at least satisfy itself that the class settlement is within the 'ballpark' of reasonableness." *Kullar, supra*, at 129; *See Tech-Bilt, Inc. v. Woodward-Clyde & Associates*, 38 Cal.3d 488, 499-500 (1985.).

Here, the Settlement is clearly within the "ballpark" of reasonableness because the Settlement provides a sizeable recovery to the Settlement Class Member and need not necessarily obtain 100 percent of the damages sought to be fair, reasonable, and ultimately, meaningful. *Wershba*, 91 Cal.App.4th at 250. While the Gross Fund Value of One Million Three Hundred Thirty Thousand Dollars and Zero Cents (\$1,330,000.00) represents a discount on Defendant's potential exposure if Plaintiff established liability on all claims and was awarded the full amount of the estimated damages at trial, this compromise is reasonable because (1) the formidable defenses raised by Defendant presented a risk that could award significantly less in damages than Plaintiff's estimate and (2) any theoretical post-trial recovery may require many more years of litigation, resulting in added fees and costs without any guarantee of recovery for the Class. JCL Dec., ¶ 36.

1 As detailed at the time of preliminary approval, the Gross Fund Value is fair and reasonable
2 considering the nature and magnitude of the claims being settled and the various potential impediments
3 to recovery. Class Counsel developed varied economic damages models measuring Defendant's liability
4 exposure while accounting for the uncertainties of continued litigation. The various models were
5 informed by Class Counsel's investigation, including the analysis of a significant sample of time and
6 payroll data. Detailed in greater depth during the preliminary approval process, Class Counsel projected
7 a range of Defendant's liability exposure for the claims asserted on behalf of the Class. The Gross Fund
8 Value represents between approximately 12.5% of Defendant's *class-wide* liability exposure as
9 estimated by Class Counsel at the time of mediation. JCL Dec., ¶ 37.

10 In *Stovall-Gusman v. W.W. Granger, Inc.*, 2015 U.S. Dist. LEXIS 78671, at * 12, the District
11 Court for the Northern District of California granted final approval in a wage and hour misclassification
12 action and found that the Gross Settlement Amount representing 10% of the estimated trial award was
13 within the "range of reasonableness." In *Dunleavy v. Nadler (In re Mego Fin. Corp. Sec. Litig.)* (9th Cir.
14 2000) 213 F.3d 454, 459, the Ninth Circuit approved a settlement representing "roughly one-sixth of the
15 potential recovery." Given the amount of the settlement here as compared to potential value of the
16 claims, particularly the strength of Plaintiff's action, the settlement is clearly fair and reasonable.²

17 The calculation methodology used to compensate the Settlement Class Members for the alleged
18 damages was negotiated at the time of the Settlement. More importantly, the methodology is fair,
19 objective, and impartial. The calculation methodology is based on the number of Workweeks each
20 Settlement Class Member was employed for Defendant during the Class Period. The number of
21 Workweeks for the Settlement Class Member is established through Defendant's data and documented
22 compensation records. The Settlement Administrator is responsible for calculating the Individual
23

24 ² See also *Viceral v. Mistras Grp., Inc.* (N.D. Cal. Oct. 11, 2016, No. 15-CV-02198) 2016 WL 5907869, at *3, 7 (approving
25 a California wage and hour settlement where the class received 11.6% of the estimated total liability, or approximately \$29
26 per work week); *Leverage v. Traeger Pellet Grills, LLC* (N.D. Cal. June 28, 2017, No. 16-CV-00784) 2017 WL 2797811, at
27 *7 (Approving a California wage and hour settlement where the class received 18% of the estimated total liability); see also
28 *In re Newbridge Networks Sec. Litig.* (D.D.C. Oct. 23, 1998) 1998 WL 765724, at *2 ("Courts have not identified a precise
numerical range within which a settlement must fall in order to be deemed reasonable; but an agreement that secures roughly
six to twelve percent of a potential trial recovery, while preventing further expenditures and delays and eliminating the risk
that no recovery at all will be won, seems to be within the targeted range of reasonableness.").

Settlement Payments by multiplying the Workweek Value for each Settlement Class Member by the Net Fund Value. The Settlement Administrator will calculate the payment ratio by dividing the total number of Workweeks for each Settlement Class Member by the total number of Workweeks for all Settlement Class Member. This process establishes an objectively fair and reasonable procedure to compensate the Class. Agreement, ¶ III(L)(1).

The settlement also provides significant relief to the Settlement Class Members. After deductions for the Class Counsel Attorneys' Fees and Expenses Payment, Settlement Administration Costs, the PAGA Civil Penalty Payment, and the Enhancement Award, the Net Fund Value is currently estimated to be \$746,666.67. ILYM Dec., ¶ 14. The average settlement payment is approximately \$96.62, and the highest is approximately \$625.56. ILYM Dec., ¶ 15. Additionally, Defendant must separately fund its share of any employer side payroll taxes. Agreement, ¶ III(A)(2).

Clearly the goal of this litigation to obtain redress for the class has been met by this Settlement. Given the amount of the Settlement, the risks of litigation and the arm's length negotiations between experienced counsel, the settlement is fair and reasonable, and is therefore entitled to final approval. JCL Dec., ¶ 41.

F. The Strength of Plaintiff's Case and Risks of Continued Litigation

Although Class Counsel believes strongly in Plaintiff's claims, it would be misguided to ignore the asserted defenses. If successful on any one of its defenses, Defendant could defend the action or, at least, drastically undercut Plaintiff's claims. JCL Dec., ¶ 43. As the federal court in *Glass v. UBS Fin. Servs.*, 2007 WL221862 held, where the parties faced uncertainties similar to those in this litigation:

In light of the above-referenced uncertainty in the law, the risk, expense, complexity, and likely duration of further litigation likewise favors the settlement. Regardless of how this Court might have ruled on the merits of the legal issues, the losing party likely would have appealed, and the parties would have faced the expense and uncertainty of litigating an appeal. The expense and possible duration of the litigation should be considered in evaluating the reasonableness of [a] settlement.

With respect to the most immediate challenge, i.e., class certification, the risks attendant to the

1 certification of similar wage and hour claims are demonstrated by *Magadia v. Wal-Mart Associates,*
2 *Inc.* (9th Cir. 2021) 999 F.3d 668. There, the Ninth Circuit, vacated reversed and remanded a \$110
3 million judgement against an employer for, *inter alia*, inaccurately paying overtime, and directed the
4 trial court to enter judgement in favor of the employer. *See also O’Conner v. Uber Technologies, Inc.*
5 (9th Cir. 2018) 904 F.3d 1087 (decertification of wage and hour misclassification action); *see also*
6 *Duran v. U.S. Bank National Association* (2014) 59 Cal.4th 1, 31 (reversing a trial verdict in favor
7 plaintiffs in a wage and hour class action)); *Tien v. Tenet Healthcare Corp.* (2012) 209 Cal.App.4th
8 1077, 1088 (“[T]he reason, if any, that employees might not take their breaks were predominantly
9 individualized questions of fact not susceptible to class treatment.”); *Ali v. U.S.A. Cab Ltd.* (2009) 176
10 Cal.App.4th 1333, 1341 (affirming denial of certification because employees’ declarations attesting to
11 having taken meal and rest breaks demonstrated that individualized inquiries were required to show
12 harm); *Campbell v. Best Buy Stores, L.P.*, (C.D. Cal. 2013) 2013 WL 5302217 at *11-13 (following
13 *Brinker* and denying certification of proposed off-the-clock and rest and meal break classes due to lack
14 of uniform policy); *Brown v. Fed Express Corp.* (C.D. Cal. 2008) 249 F.R.D. 580, 587-88 (denying
15 certification of driver meal and rest period claims based on the predominance of individual issues).
16 Collectively, the examples cited above illustrate the uncertain nature of class litigation. Consequently,
17 the uncertainty of obtaining certification through a contested motion is a significant risk factor favoring
18 settlement. JCL Dec., ¶ 42.

19 Although Plaintiff is confident about the strength of her claims, Plaintiff nevertheless recognizes
20 that Defendant has factual and legal defenses that, if successful, would potentially defeat or impair the
21 value of the lawsuit. Legally, the fast-changing landscape of wage and hour litigation can drastically
22 affect the value of Plaintiff’s claims and, in fact, already has. JCL Dec., ¶ 43.

23 In a similar wage and hour case, the federal district court in *Hopson v. Hanesbrands Inc.*, 2009
24 U.S. Dist. LEXIS 33900 at * 19-20 (N.D. Cal. 2009), granted approval of an overtime class action
25 settlement and explained:

26 **Plaintiffs may have a strong case, but the risks inherent in continued**
27 **litigation are great.** Defendants strongly deny liability for Plaintiffs’
28 principal claim that full-time Service Associates were misclassified as

1 exempt. In addition to the uncertainties raised by Defendants at the
2 preliminary stage regarding Plaintiffs' chance of success in this case,
3 Defendants notes that the question of an employer's duty to provide rest and
4 meal periods is an open one, signaling even less certainty for
5 Plaintiffs.....[T]he **Total Settlement amount and the Class Members'**
6 **expected net recovery, after fees and other costs are deducted, appear**
7 **to be a reasonable compromise, in light of the risks of litigation.**

8 *See also Browning v. Yahoo!, Inc.*, 2007 U.S. Dist. LEXIS 86266, at *30 (N.D. Cal. 2007) (“In
9 considering the strength of Plaintiffs’ case, legal uncertainties at the time of settlement - particularly
10 those which go to fundamental legal issues - favor approval.”).

11 As recognized in a federal decision approving settlement of an overtime wage class action:

12 **The potential complexity and possible duration of trial also weigh in**
13 **favor of granting final approval.** Plaintiffs acknowledge the difficulties
14 of proving damages, recognize the uncertainty of outcome, and believe
15 defendant would appeal in the event of adverse judgment. A post-judgment
16 appeal would require many years to resolve and delay payment to class
17 members. Plaintiffs believe the benefits of a guaranteed recovery today
18 outweigh an uncertain future result. Accordingly, plaintiffs argue, and the
19 Court agrees, the actual recovery confers substantial benefits on the class
20 that outweigh the potential recovery through full adjudication.

21 *Barcia v. Contain-A-Way, Inc.*, 2009 U.S. Dist. LEXIS 17118, *9 (S.D. Cal. 2009); see also *Louie v.*
22 *Kaiser Foundation Health Plan, Inc.*, 2008 U.S. Dist. LEXIS 78314, *14 (S.D. Cal. 2008).

23 In sum, while other cases have approved class certification in wage and hour claims, class
24 certification in this action would have been hotly disputed and was by no means a foregone conclusion.
25 Where both sides face significant uncertainty, as here, the attendant risks favor settlement. *Hanlon v.*
26 *Chrysler Corp.* (9th Cir. 1998) 150 F.3d 1011, 1026.)

27 As demonstrated by the decisions in *Magadia, supra*, 999 F.3d 668, *O’Conner v. Uber*
28 *Technologies* (N.D. Cal. 2018) 82 F.Supp.3d 1133 and *Duran v. U.S. Bank National Assn.* (2014) 59
Cal.4th 1, the complexities and duration of further litigation cannot be overstated. There is little doubt
that if Defendant faced a large adverse judgement, Defendant undoubtedly have the resources to post a
bond and appeal. A post-judgment appeal by Defendant would have required many more years to
resolve, assuming the judgment was affirmed. If the judgment was not affirmed in total, then the case
could have dragged on for years after the appeal. The benefits of a guaranteed recovery today outweigh

an uncertain result three or more years in the future. JCL Dec., ¶ 44.

Class Representative and Class Counsel recognize the expense and length of a trial against Defendant through possible appeals which could take another three years. In arriving at their informed belief that the present settlement is fair and adequate, Class Counsel accounted for the uncertain outcome and risk inherent in complex actions such as this one. Class Counsel is also mindful of and recognize the inherent problems of proof under, and alleged defenses to, the claims asserted in the litigation. Moreover, post-trial motions and appeals would have been inevitable. Costs would have increased, and recovery would have been delayed if not denied, thereby reducing the benefits of an ultimate victory. Class Representative and Class Counsel believe that the Settlement confers substantial monetary and non-monetary benefits upon the Class. Based upon their evaluation, Class Representative and Class Counsel have determined that the Settlement set forth in the Agreement is in the best interest of the Class, is fair, reasonable, and adequate, and should be granted final approval. JCL Dec., ¶ 45.

VI. THE PENALTIES UNDER THE PRIVATE ATTORNEY GENERAL ACT OF 2004 ARE REASONABLE

Where settlements “negotiate a good faith amount” for PAGA penalties and “there is no indication that this amount was the result of self-interest at the expense of class members,” such amounts are generally considered reasonable. *Hopson v. Hanesbrands Inc.*, No. CV-08-0844 EDL, 2009 WL 928133, at *9 (N.D. Cal. Apr. 3, 2009). Courts routinely approve of amounts for PAGA penalties in the range of zero to two percent of the settlement. *See id.* at *1, 9 (approving a PAGA payment of 0.3%); *Jack v. Hartford Fire Ins. Co.*, No. 09cv1683 MMA (JMA), 2011 WL 4899942, at *6 (S.D. Cal. Oct. 13, 2011) (approving a PAGA payment of 0.25%); *McKenzie v. Fed. Express Corp.*, No. CV 10-02420 GAF (PLAx), 2012 WL 12882124, at *5 (C.D. Cal. Jan. 23, 2012) (acknowledging that courts approve PAGA claim settlements in the range of zero to two percent of the total settlement).

Here, Plaintiff and Defendant negotiated a good faith PAGA Civil Penalty Payment in the amount of \$50,000 which is 3.75% of the Gross Fund Value. As illustrated above, this amount falls well within the range of approved PAGA settlements. Seventy-Five percent (75%) of the PAGA Civil Penalty Payment (\$37,500) will be paid to the LWDA (“LWDA Payment”) with the remaining twenty-

1 five percent (25%) of the PAGA Civil Penalty Payment (\$12,500) to be distributed to the Aggrieved
2 Employees (“Aggrieved Employees Payment”), which is within the range of PAGA penalties
3 approved by courts and should be approved. JCL Dec., ¶ 46.

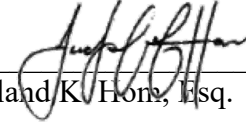
4 Class Counsel gave the LWDA notice of this Settlement and proposed allocation by filing a
5 copy of the Settlement, the Motion for Preliminary Approval, and this motion seeking final approval
6 with the LWDA. JCL Dec., ¶¶ 5-6. By not registering an objection with either Class Counsel or the
7 Court, the LWDA has accepted and approved of the proposed PAGA Civil Penalty Payment.

8 **VII. CONCLUSION**

9 Plaintiff respectfully submits that the proposed settlement satisfies the standard of fairness
10 established in California law and should therefore be finally approved as fair, reasonable, and adequate
11 and requests entry of the Final Approval Order and Judgment submitted herewith.

12
13 Dated: September 21, 2023

ZAKAY LAW GROUP, APLC

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15 By: 
16 Jackland K. Horn, Esq.

17 Attorney for Plaintiff
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