HAMMONDLAW, P.C. Julian Hammond (SBN 268489) jhammond@hammondlawpc.com Polina Brandler (SBN 269086) pbrandler@hammondlawpc.com Ari Cherniak (SBN 290071) acherniak@hammondlawpc.com 1201 Pacific Avenue, Suite 600 Tacoma, WA 98402 5 (310) 601-6766 (310) 295-2385 (Fax) 6 Attorneys for Plaintiffs and the Putative Class 7 8 9 SUPERIOR COURT OF THE STATE OF CALIFORNIA 10 **COUNTY OF LOS ANGELES** 11 12 JOEL PASNO, JOHN KUNTZ, and **CASE NO. 22STCV01361** 13 RODELLA HURTADO, individually and on behalf of all others similarly situated, MEMORANDUM OF POINTS AND 14 **AUTHORITIES IN SUPPORT OF** Plaintiffs, PLAINTIFF'S MOTION FOR 15 ATTORNEYS' FEES, COSTS AND VS. 16 SERVICE AWARDS FOR CLASS REPRESENTATIVES 17 HIBU INC., a Delaware Corporation, Date: September 15, 2023 18 Time: 9:00 a.m. Defendant. Dept. 17; Hon. Maren E. Nelson 19 20 21 22 23 24 25 26 27 28

MPA ISO PLS.' MOT. FOR ATTNYS' FEES AND COSTS, AND SERVICE AWARDS - CASE NO. 22STCV01361

MEMORANDUM OF POINTS AND AUTHORITIES

#### I. INTRODUCTION

In conjunction with Plaintiffs' motion for final approval, Plaintiffs' Counsel seek court approval of (1) an award of attorneys' fees in the amount of \$46,666.67, representing 1/3 of the Gross Settlement; (2) reimbursement of \$10,393.25 in costs (\$4,606.75 less than the \$15,000 noticed to the Class); and (3) service awards for the Class Representatives in the amount of \$5,000 for Plaintiff Kuntz and \$2,500 each for Plaintiffs Pasno and Hurtado. Only *one* of the 142 Class Members opted out and no Class Member objected to the Settlement, including to the requested fees, costs, or service awards.

Plaintiffs' requested fees are a negative multiplier of 0.35 of Class Counsel's lodestar to date and are eminently reasonable. *Greene v. Gino Morena Enters.*, *LLC.*, No. 13cv1332 JM(NLS), 2014 WL 5606442, at \*2 (S.D. Cal. Nov. 4, 2014) (reasonableness of the fees requested is confirmed by the fact that the lodestar is more than double the proposed, percentage-based fee award).

The Class Representatives' requested service awards are also reasonable and should be approved in consideration for Plaintiffs' contribution to the Class and the risks they each assumed on behalf of the Class, and are commensurate with the effort expended by Plaintiffs.

Accordingly, Plaintiffs respectfully requests that the Court approve the requested attorneys' fees, costs and service awards in full.

#### II. ARGUMENT

The requested attorneys' fees and costs are justified based on (i) the Class's reaction, (ii) the "percentage-of-the-fund" analysis, and (iii) a lodestar-multiplier cross check.

## A. The Overwhelmingly Positive Reaction of The Class Supports Approval of The Requested Attorneys' Fees and Costs

The Court-approved Notice sent to the Class Members informed them of the proposed amounts allocated in the Settlement for attorneys' fees and costs. Declaration of Lluvia Islas Regarding Settlement Notice Administration ("Islas Decl."), filed herewith, **Exhibit A**. Only 1 Class Member opted out; and no Class Member objected. *Id.* ¶¶ 8-9. Plaintiffs' Counsel believes that the positive reaction of the Class here is attributable to the substantial benefit achieved by the Settlement, under which Class Members will receive an average payment of \$433.62, and a highest payment of \$2,374. *Id.* ¶ 13. The settlement eliminates the significant risks faced by continued litigation, and instead achieves a definite recovery now. The Class's overwhelmingly favorable reaction supports the requested fee award.

### B. The Requested Attorneys' Fees Are Reasonable Under Either the Percentage of the Fund or the Lodestar Analysis

As stated above, Courts in California apply the equitable "common fund" doctrine under which attorneys who create a common fund for a group are awarded their fees and costs out of that fund. *See, e.g., Laffitte v. Robert Half Int'l*, 1 Cal. 5th 480, 503 (2016). The virtues of this approach include "relative ease of calculation, alignment of incentives between counsel and the class, a better approximation of market conditions in a contingency case, and the encouragement it provides counsel to seek an early settlement and avoid unnecessarily prolonging the litigation." *Id.* Common fund fee awards in class actions average around one-third of the recovery. *See, e.g., Chavez v. Netflix, Inc.*, 162 Cal. App. 4th 43, 66 n.11 (2008) ("Empirical studies show that, regardless whether the percentage method or the lodestar method is used, fee awards in class actions average around one-third of the recovery"); *Laffitte v. Robert Half Int'l*, 231 Cal.App.4th 860, 871 (2015), *aff'd*, 1 Cal.5th at 506 ("33 1/3 percent of the common fund is consistent with, and in the range of, awards in other class action lawsuits.").

It is also appropriate for the Court to crosscheck an award of attorneys' fees calculated by one method against an award calculated by the other method in order to confirm whether the award is reasonable. *See Consumer Privacy Cases*, 175 Cal. App. 4th 545, 557 (2009).

Here, Class Counsel's fee request is reasonable under either method.

#### 1. The Fee Award Is Reasonable Under the Percentage of the Fund Method.

As stated above, common fund fee awards in class actions average around one-third of the recovery. In prior class actions handled by Class Counsel, courts have approved awards at or above the one-third benchmark including *Harrold v. California Family Health LLC*, Case No. 34-2022-00323409 (Sacramento County Superior Court) (August 17, 2023) (approving fees of 35% of \$223,000 PAGA representative action settlement); *Carr et. al v. Konica Minolta Business Solutions U.S.A., Inc.*, Case No. 21CV001245 (Alameda County Superior Court) (June 27, 2023) (approving fees of 1/3 of \$1,247,907.53 wage and hour class settlement); *Castillo v. Holy Names University*, Case No. HG21097245 (Alameda County Superior Court) (May 2, 2023) (approving fees of 1/3 of \$907,701 wage and hour class settlement); *Glor v. iHeart Media + Entertainment*, Case No. 22CV005286 (Alameda County Superior Court) (February 14, 2023) (approving fees of 1/3 of \$1,1220,000 wage and hour class settlement); *Cassidy v. Keyence Corporation of America*, Case No. 21CV382350 (Santa Clara County Superior Court) (February 8, 2023) (approving fees of a 1/3 of \$300,000 PAGA settlement); *Burleigh v. National University*, Case No. MSC21-00939 (Contra Costa Cty. Sup. Ct.) (Aug. 26, 2022) (approving fees of 40% of \$925,000 class settlement); and many other cases listed in ¶ 6 of the Declaration of Julian

Hammond in Support of Plaintiff's Motion for Final Approval of Class Action Settlement and Motion for Attorneys' Fees and Costs and Enhancement Awards for Class Representatives ("Hammond Final Decl."), filed herewith.

Factors that may justify an upward or downward departure include (1) the risks and potential value of the litigation, (2) the contingency, novelty and difficulty of the case, and (3) the skill shown by counsel. *Laffitte*, 1 Cal. 5th at 504 (the "*Laffitte* factors"). Here, each of the three *Laffitte* factors weighs in favor of approving the requested fees.

#### i. The Risks and Potential Value of the Litigation Support the Requested Fee Award.

Absent the Settlement that Class Counsel obtained, this case would face the risk that the litigation would yield no recovery if Plaintiffs received an unfavorable ruling on class certification, or on the merits. Hammond Final Decl. ¶ 50. These risks included Defendant's contentions that (a) it had no liability for unreimbursed expenses in light of the \$373 biweekly reimbursement it provided Class Members; (b) it had no liability for unpaid overtime because CMs never worked overtime; (c) Class Members did not suffer any injury as a result of Defendant failing to provide compliant wage statements so Defendant would not be liable for penalties under Labor Code § 226(e); and (d) any failure to pay wages was not willful because there existed a good faith dispute that Class Members were exempt during their entire employment and not entitled to overtime pay, and Defendant would not be liable for penalties under Labor Code § 203. Hammond Final Decl. ¶ 54. These contentions posed a very real risk that Plaintiffs would be unable to litigate their class claims at all and put Class Members at a risk of recovering nothing. Nonetheless, Plaintiffs' Counsel obtained an excellent result for the Class, with an average payment of \$433.62 and a highest payment of \$2,374. In addition, following the filing of Plaintiffs' lawsuit, Hibu changed its reimbursement policy at issue in this lawsuit from a bi-weekly stipend to mileage-based reimbursement. Hammond Final Decl. ¶ 55.

#### ii. The Contingent Nature of Representation Supports the Requested Award.

Awards of common fund fees are important to attract competent counsel to handle complex contingency cases. *Melendres v. City of Los Angeles*, 45 Cal. App. 3d 267, 273 (1975) (Counsel "will be more willing to undertake and diligently prosecute proper litigation for the protection or recovery of the fund if [they are] assured that [they] will be promptly and directly compensated should [their] efforts be successful."). Here, Class Counsel undertook this litigation with the risk that they would expend years' worth of labor only to have class certification partly or wholly denied, or that any claims surviving to trial might ultimately fail or be overturned on appeal. Hammond Final Decl. ¶ 8. The requested fee award reflects the contingent nature of this litigation and the fact that Class Counsel took this case without

any certainty of receiving payment.

#### iii. The Skill Shown by Counsel

It was because Class Counsel were able to skillfully and efficiently negotiate a class action settlement less than a year after filing the lawsuit that the Class is receiving any payment at all. Class Counsel devoted their time and resources to this case despite risks that a court would rule that no class action could be maintained or would award no damages. Hammond Final Decl. ¶¶ 8, 54. The requested fee award reflects the willingness of skilled and experienced attorneys to commit themselves to this risky case on behalf of the Class, rather than devoting those resources to other matters. *See Id.* ¶ 56.

#### 2. The Requested Fees Are Reasonable Under the Lodestar Method.

To perform a lodestar cross-check of a common fund fee award, the Court compares the requested fee to Class Counsel's "lodestar" – *i.e.*, the hours reasonably spent on the case multiplied by counsel's hourly rates. Courts can then apply a multiplier to reflect the contingent nature and risk associated with the action, as well as other factors such as the degree of skill required and the ultimate success achieved. *See Ketchum v. Moses*, 24 Cal. 4th 1122, 1132 (2001) (explaining that the "purpose of a fee enhancement, or so-called multiplier, for contingent risk is to bring the financial incentives for attorneys enforcing important ... rights"). Here, the requested fees award is only 35% of Class Counsel's lodestar to date (i.e., a negative multiplier of 0.35) which is a far less lucrative result than Class Counsel expects to recover in a case like this where Plaintiffs obtained an excellent result despite the significant risks posed by Defendant's contentions.

#### i. Hours Spent by Class Counsel Were Reasonable

Applying the first step of this analysis, Class Counsel have expended at least 189 hours in this litigation to date for a combined lodestar of at least \$133,965, as follows:

| Attorney/Timekeeper        | Rate  | Hours  | Lodestar     |
|----------------------------|-------|--------|--------------|
| Julian Hammond, Principal  | \$925 | 25.1   | \$23,217.50  |
| Polina Brandler, Associate | \$750 | 27.1   | \$20,325.00  |
| Ari Cherniak, Associate    | \$650 | 128.50 | \$83,525.00  |
| Adrian Barnes Attorney     | \$775 | 8.9    | \$6,897.50   |
|                            |       | 189.60 | \$133,965.00 |

The hours spent by Class Counsel were "reasonably necessary to the conduct of the litigation." *Robertson v. Fleetwood Travel Trailers of Cal., Inc.*, 144 Cal. App. 4th 785, 818 (2006). The hours reflect time reasonably spent litigating this case which Class Counsel staffed and managed efficiently. Hammond Final Decl. ¶ 39. Moreover, the lodestar amount does not include the additional time Class Counsel will spend

obtaining final approval, and implementing the settlement. *Id.*  $\P$  47. A breakdown of Class Counsel's time by task is as follows:

#### (1) Initial Investigation, Research, and Drafting the Complaint

Class Counsel investigated and researched the facts and circumstances underlying the pertinent issues and applicable law. This included researching and analyzing Defendant's policies and relevant law to determine the validity of Plaintiffs' claims prior to initiating the lawsuit; interviewing Plaintiffs and reviewing the documents they provided; corresponding with Plaintiffs via email and telephone to obtain information necessary for the complaints; and drafting the Complaints and PAGA Notice. Hammond Final Decl. ¶¶ 13-14. The total time expended by Plaintiffs' Counsel on these tasks was 31 hours for a lodestar of \$23,100. *Id.* ¶ 12.

#### (2) Informal Discovery and Mediation Preparation

Following the filing of the Complaint, the parties agreed to attend mediation and engage in informal discovery. Defendant produced relevant data and documents including: (a) dates of employment for each Class Member from the start of the Class Period through to July 31, 2022, including start date, end date, leaves of absences (if any); (b) training dates for each Class Member who completed an initial sales training during the Class Period, and whether the training was in-person or virtual; (c) expense reimbursement policies in effect during the Class Period; and (d) Plaintiffs' personnel files. Plaintiffs analyzed this data and prepared a detailed damages analysis to better identify the range of settlement figures for the claims alleged; and reviewed Defendant's mediation brief prior to the mediation. Hammond Final Decl. ¶¶ 17-18. The total time expended by Plaintiffs' Counsel on these tasks was 41.2 hours for a lodestar of \$29,307. *Id.* ¶ 16.

#### iv. Mediation and Settlement Negotiation

The parties thereafter attended a full-day mediation with mediator Hon. Brian Walsh (Ret.). Hammond Final Decl. ¶¶ 19-21. The parties then negotiated and finalized the long-form Settlement Agreement and Notice; and amended Settlement Agreement and Notice as directed by the Court. *Id.* ¶ 21. The total time expended by Plaintiffs' Counsel on these tasks 44.3 hours for a lodestar of \$32,402. *Id.* ¶ 19.

#### iv. Settlement Approval and Class Notice

After executing the Settlement, Class Counsel drafted a detailed preliminary approval motion, supporting declarations, and attended two motion hearings. Hammond Final Decl. ¶ 22. After the Court granted preliminary approval, Class Counsel oversaw the Class notice process, and drafted the final

approval motion and the instant fees motion. *Id.* The total time expended by Plaintiffs' Counsel on these tasks was 72.9 hours for a lodestar of \$49,155. *Id.* 

#### b. Class Counsel's Hourly Rates Are Reasonable

Class Counsel's current hourly rates have been approved in *Harrold v. California Family Health LLC*, Case No. 34-2022-00323409 (Sacramento County Superior Court, August 17, 2023) (approving 2023 hourly rates as hourly rates are reasonable); *Harris v. Southern New Hampshire University*, Case No. RG21109745 (Alameda County Superior Court, May 12, 2023) (approving 2023 hourly rates are reasonable); *Castillo v. Holy Names University*, Case No. HG21097245 (Alameda County Superior Court) (May 2, 2023) (awarding 2.1 multiplier calculated using 2023 rates); and *Carr et al. v. Konica Minolta Business Solutions U.S.A., Inc.*, Case No. 21CV001245 (Alameda County Superior Court) (June 27, 2023) (awarding 2.1 multiplier calculated using my firm's 2023 rates); and their slightly lower 2022 hourly rates have been approved in the many cases listed at Hammond Final Decl. ¶ 53.

The rates claimed are reasonable if they are "within the range of reasonable rates charged by and judicially awarded comparable attorneys for comparable work." *Children's Hosp. & Med. Ctr. v. Bonta*, 97 Cal. App. 4th 740, 783 (2007). Courts consider the "prevailing market rates in the relevant community," as well as the "experience, skill, and reputation of the attorney requesting fees." *Heritage Pac. Fin., LLC v. Monroy*, 215 Cal. App. 4th 972, 1009 (2013). In complex litigation like class action employment cases, the appropriate market is that governing rates for attorneys engaged in "equally complex" matters. *Hensley v. Eckerhart*, 461 U.S. 424, 430, n.4 (1983).

Class Counsel's requested hourly rates are reasonable under these standards. Class Counsel's rates are comparable to the rates charged by comparable attorneys for similar class action work and complex litigation. Hammond Final Decl. ¶ 43.

#### c. Class Counsel Seek Only 35% (a Negative Multiplier) of their Lodestar to Date

"After making the lodestar calculation, the court may augment or diminish that amount based on a number of factors specific to the case, including the novelty and difficulty of the issues, the attorneys' skill in presenting the issues, the extent to which the case precluded the attorneys from accepting other work, and the contingent nature of the work." *Ctr. for Biological Diversity v. County of San Bernardino*, 188 Cal. App. 4th 603, 616 (2010). Here, Class Counsel seek only 35% of their lodestar, even though multiplier to Class Counsel's lodestar would be justified based on all of the applicable factors. Hammond Final Decl. ¶ 47.

First, as discussed above, Plaintiffs faced significant risk based on Defendant's contentions that they would lose on the merits in light of Hibu's biweekly stipend it provided Class Members for their

travel expenses; and in light of the fact that CMs never worked overtime and, at any rate, were exempt employees. Hammond Final Decl. ¶ 54. Second, Plaintiff's achieved a substantial settlement with an average recovery of \$433.62 and the highest recovery of approximately \$2,374. Islas Decl. ¶ 14. In addition, following the filing of Plaintiffs' lawsuit, Hibu changed its reimbursement policy at issue in this lawsuit from a bi-weekly stipend to mileage-based reimbursement. Hammond Final Decl. ¶ 55.Third, accepting this litigation on a contingency basis resulted in Class Counsel foregoing other employment. Hammond Final Decl. ¶ 56; see *Serrano*, 20 Cal.3d at 49 (finding that one of the factors that weighs in favor of granting a request for attorneys' fees is the "the extent to which the nature of the litigation precluded other employment by the attorneys"). Finally, as stated above, Class Counsel have expended over 189 hours, all as-yet uncompensated, and have expended over \$10,000 in out-of-pocket expenses, without any certainty of receiving payment. Hammond Final Decl. ¶ 51.

#### II. THE REQUESTED LITIGATION COSTS ARE REASONABLE

Class Counsel has incurred, or will incur, \$10,393.35 in litigation costs. Hammond Final Decl.  $\P$  57. These costs include filing fees, service fees, mediator fees, research charges, witness locator fees, fees incurred filing and serving this motion, and the like. *Id.* The requested costs are \$4,606.75 less the \$15,000 provided in the SA (*Id.*  $\P$  63) and noticed to the Class, and the difference will be added to the Net Settlement and increase each Class Member's share. Thus, the requested costs are reasonable and should be approved.

#### III. THE REQUESTED SERVICE AWARDS ARE JUSTIFIED AND REASONABLE

Class representatives in class action litigation are eligible for reasonable participation payments to compensate them for the risks assumed, and efforts made, on behalf of the Class. *Clark v. Am. Residential Servs. LLC*, 175 Cal. App. 4th 785, 807 (2009) (citing *In re Cont'l Ill. Sec. Litig.*, 962 F.2d 566, 571 (7th Cir. 1992)). Courts routinely approve service awards to compensate named plaintiffs for the expense or risk they incur during the course of the class action litigation, including in amounts greater than the amount requested here. *In re Cellphone Fee Termination Cases*, 186 Cal. App. 4th 1380, 1393-94 (2010) (approving \$10,000 payment to each class representative in a consumer class action); *Munoz v. BCI Coca-Cola Bottling Co of Los Angeles*, 186 Cal. App. 4th 399, 412 (2010) (approving \$5,000 payment to each class representative in employment class action); *Van Vranken v. Atl. Richfield Co.*, 901 F. Supp. 294, 300 (N.D. Cal. 1995) (named plaintiff received \$50,000 for work in class action).

Relevant factors courts use in determining the amount of service awards include (1) the actions the plaintiff has taken to protect the interests of the class; (2) the degree to which the class has benefitted from those actions; (3) the amount of time and effort the plaintiff expended in pursuing the litigation; and (4) the

risk assumed. *Clark*, 175 Cal. App. 4th at 804; *see also In re Cellphone Fee Termination Cases*, 186 Cal. App. 4th at 1394-95. All of the above factors support the service award requested here.

First, the Class Representatives have served the Class well. They were diligent in assisting Class Counsel in this litigation by promptly responding to Class Counsel's emails and calls, responding to detailed factual questions from Class Counsel, reviewing drafts of pleadings and other documents, searching their records and providing counsel with documents, being available throughout the day during the full-day mediation and, in the case of Plaintiff Kuntz, attending the full-day mediation, remaining upto-date on the case, and in the case of Plaintiff Hurtado, communicating with other Class Members about the case. *See* Declaration of Named Plaintiffs, filed herewith. Without their commitment to serve as Class Representatives this litigation would not be possible.

Second, this litigation has resulted in significant relief with an average payment of \$433.62 and the highest payment of \$2,374. Islas Decl. ¶ 13. Moreover, following the filing of Plaintiffs' lawsuit, Hibu changed its reimbursement policy at issue in this lawsuit from a bi-weekly stipend to mileage-based reimbursement. Hammond Decl. ¶ 55. Thus, Plaintiffs' Counsel believes the Settlement directly furthers the public policy underlying the California Labor Code by requiring Defendants to comply with California's wage-and-hour laws. *See Sav-On Drug Stores, Inc. v. Super. Ct.*, 34 Cal. 4th 319, 340 (2004).

Third, in agreeing to serve as Class Representatives, Plaintiffs formally accepted the responsibilities of representing the interests of all Class Members, and have devoted his time and effort on behalf of the Class. Plaintiff Kuntz spent at least 11 hours assisting in this case (including attending the full day mediation); Plaintiff Hurtado spent at least 11 hours assisting in this case; and Plaintiff Pasno spent at least 5.5 hours assisting in this case. *See* Kuntz Decl. ¶ 9; Hurtado Decl. ¶ 10; Pasno Decl. ¶ 12. These are conservative estimates, as they are based only on specific tasks the Plaintiffs recall performing.

Fourth, by bringing this lawsuit, Plaintiffs risked being branded "troublemakers" and blacklisted by other employers in the industry and beyond. *See* Kuntz Decl. ¶ 9; Hurtado Decl. ¶ 11; Pasno Decl. ¶ 13; *Staton*, 327 F.3d at 976 ("reasonabl[e] fear [of] workplace retaliation" is a factor in assessing the proper amount of the enhancement); *Mitchell v. Robert DeMario Jewelry, Inc.*, 361 U.S. 288, 292 (1960) ("[I]t needs no argument to show that fear of economic retaliation might often operate to induce aggrieved employees quietly to accept substandard conditions."); *Does I thru XXIII v. Advanced Textile Corp.*, 214 F.3d 1058, 1073 (9th Cir. 2000) ("[F]ear of employer reprisals will frequently chill employees'

Hibu has and continues to contend that it complied at all times with the law and refutes that that claims asserted in this case have any merit.

willingness to challenge employers' violations of their rights."). Despite this risk, Plaintiffs brought their lawsuit anyways to ensure that Class Members are treated fairly. *See* Kuntz Decl. ¶ 9; Hurtado Decl. ¶ 11; Pasno Decl. ¶ 13. Service awards are necessary to incentivize employees to step forward and obtain benefits for a larger group, particularly when, as here, each Plaintiff's share of the settlement alone does not compensate them adequately for the efforts and risks taken to benefit the Class. *See* Islas Decl. ¶ 15.

Finally, Plaintiffs are entering into a general release of all potential claims against Defendants – a much broader release than other Class Members are giving. SA § 21.

Accordingly, the requested class representative awards to Plaintiffs should be approved.

#### IV. CONCLUSION

Plaintiffs respectfully request that the Court approve attorneys' fees and costs in the amount of \$46,666.67; \$10,393.35 in costs; and service awards for the Class Representatives in the amount of \$5,000 for Plaintiff Kuntz and \$2,500 each for Plaintiffs Pasno and Hurtado, pursuant to the terms of the Settlement.

Dated: August 23, 2023 Respectfully submitted,

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By: Julian Hammond
Attorneys for Plaintiffs