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5						
6	and the Plaintiff Class					
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12	RAYMOND STODDARD and SANTIAGO MEDINA etc.,)) N 20 2010 0020#000 CH 0F				
13 14	Plaintiffs,) Case No. 30-2010-00395208-CU-0E- CXC				
15	vs.	Hon. James J. Di Cesare Department C 16				
16	EQUILON ENTERPRISES, LLC, et al.,	CLASS ACTION				
17	Defendants.) MEMORANDUM OF POINTS AND				
18		AUTHORITIES IN SUPPORT OF MOTION FOR AN AWARD OF				
19) ATTORNEYS' FEES, COSTS AND EXPENSES AND A SERVICE				
20		AWARD TO THE CLASS REPRESENTATIVE				
21) [Filed Concurrently with Notice of				
22) Motion and Supporting) Declaration]				
23) Date: July 16, 2021) Time: 9:30 a.m.				
24) Dept: C 16) Complaint Filed: August 2, 2010				
25		Trial Date: None Set				
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MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR AN AWARD OF ATTORNEYS' FEES, COSTS AND EXPENSES AND A SERVICE AWARD ETC

BLEAU FOX

TABLE OF CONTENTS

	<u>Page</u>
$\ $ Tabl	e of Authoritiesii
I.	INTRODUCTION1
II.	BACKGROUND2
III.	LAW APPLICABLE TO ATTORNEY FEE AND COST AWARDS IN
	CLASS ACTIONS5
IV.	ANALYSIS OF LODESTAR AND MULTIPLIER9
$\ V$.	THE COURT SHOULD AWARD BLEAU FOX \$11,267.24 AS
	REASONABLE COSTS AND EXPENSES INCURRED IN THIS
	ACTION10
VI.	MEDINA SHOULD BE GRANTED A SERVICE AWARD IN THE SUM
	OF \$5,00010
VII.	CONCLUSION11
	i

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR AN AWARD OF ATTORNEYS' FEES, COSTS AND EXPENSES AND A SERVICE AWARD ETC

TABLE OF AUTHORITIES

2		
3	<u>Page</u>	
4	Beasley v. Wells Fargo Bank (1991) 235 Cal.App.3d 14079	
5 6	Downey Cares v. Downey Community Development Com.	
7	Feminist Women's Health Center v. Blythe (1995) 32 Cal.App.4th 16417	
8	Flannery v. California Highway Patrol (1998) 61 Cal.App.4th 6295	
10	Ketchum v. Moses (2001) 24 Cal.4th 1122	
11	Lealao v. Beneficial California, Inc. (2000) 82 Cal.App.4th 195	
12	Maria P. v. Riles (1987) 43 Cal.3d 12816	
13 14	PLCM Group, Inc. v. Drexler, (2000) 22 Cal.4th 10847	
15	Press v. Lucky Stores, Inc. (1983) 34 Cal.3d 311	
16 17	San Bernardino Valley Audubon Society, Inc. v. County of San Bernardino (1984) 155 Cal.App.3d 7388	
18	Serrano v. Priest (1977) 20 Cal.3d 25	
19	Syers Properties III, Inc. v. Rankin, (2014) 226 Cal.App.4th 6918	
20 21	Wershba v. Apple Computer, Inc. (2001) 91 Cal.App.4th 2247	
22		
23		
24		
25		
26		
27		
28	l ii	

I. INTRODUCTION.

This Memorandum is submitted by Plaintiff and Settlement Class Representative Santiago Medina ("Medina") and Class Counsel Bleau Fox, a Professional Law Corporation ("Bleau Fox") in support of their motion for a Service Award to Medina and a Class Counsel Award to Bleau Fox. Both awards are sought in connection with Medina's settlement with Defendant R&M Pacific Rim, Inc. ("R&M").

On March 9, 2021, Medina and R&M entered into their Third Amended and Restated Settlement Agreement resolving all class claims against R&M for \$845,000.

On April 12, 2021, this Court signed and filed its Revised Second Amended Preliminary Approval Order, preliminarily approving the settlement with R&M. That order provided in Paragraph 9 for a Final Approval Hearing on July 16, 2021 and further provided in Paragraph 14 that Class Counsel's application for a Class Counsel Award and Medina's application for a Service Award be served and filed thirty-five days prior to July 16, which is June 11, 2021. This motion serves as those applications.

As will be established below, the method used to calculate attorneys' fees in a class action is the lodestar/multiplier approach. Class Counsel seeks an award of attorneys' fees in the amount of \$281,667. As set forth in the accompanying Declaration of Samuel T. Rees, the amount of attorneys' fees being sought is <u>less</u> than simply applying the lodestar, although based upon the normal factors to be considered, a multiplier to the lodestar would certainly be justified. Nevertheless, the parties' settlement agreement in Paragraph 4 limits the amount of attorneys' fees to be award to the amount sought.

The amount of costs and expenses being sought is below the \$15,000 ceiling estimated in the Class Notice.

II. BACKGROUND.

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As will also be established below, the Service Award of \$15,000 is clearly justified under the circumstances of this case, considering the fact that Medina has continued to prosecute claims on behalf of the Class for over a decade.

Because this Court has only recently been assigned this action, movants believe that a brief explanation of the background of this Action may be helpful to this Court.

The underlying litigation is a wage and hour class action involving employees working at Shell branded stations located in California. The action seeks to recover, inter alia, unpaid overtime for employees misclassified as exempt and unpaid meal and rest break compensation for all station employees.

The defendants named in the original complaint include Equilon Enterprises, LLC ("Shell") and R&M Pacific Rim, Inc. ("R&M").

This action was commenced in August 2010 and almost immediately stayed because of the pendency of several earlier filed related cases. This stay was lifted by this Court in August 2018.

Following the lifting of this stay, Shell moved for summary judgment, which was granted. Medina has appealed the summary judgment. That appeal is now fully briefed and the parties are awaiting oral argument. The settlement currently before this Court does not fully resolve the issues on appeal.

Prior to 2003, Shell owned numerous service stations in California. Shell operated some of these stations itself. Other stations were operated by third parties pursuant to contracts.

In 2003, Shell changed it model for operating all stations. It discontinued operating stations itself and instead assigned all stations in clusters to approximately 13 multi-site operators or MSOs. R&M's principal, Mr. Kim, was one of the original MSO operators and was replaced later by R&M when it was incorporated.

This action was the fourth of six related cases. The first action was filed in 2005 and was ultimately denominated *Wales and Johnson vs. Shell Oil Company*, Los Angeles Superior Court Case No. BC 333 740 (the "Wales Action"). That action was also a wage and hour class action asserting that certain employees were misclassified as exempt and all employees were not properly compensated for missed meal and rest breaks. These claims were asserted not only on behalf of employees working at Shell owned and operated stations but also on behalf of employees working at Shell owned and MSO operated stations such as the ones involved in this action. As to the later stations, plaintiffs asserted that Shell was the "joint employer" similar to the assertion in this Action.

Substantial discovery was undertaken in this Wales Action. This included document production from R&M and the depositions of its two principals.

In seeking class certification in the Wales Action, Raymond Stoddard and Medina submitted declarations supporting class certification and were deposed.

The Wales Action was partially certified as a class action as to the claimed exempt employees working directly for Shell. These claims were settled.

While the Wales Action was pending and before a final denial of class certification on the non-settled claims, the related cases were filed, including this Action. All were stayed pending the outcome of the Wales Action. After the Wales Action was resolved, all of the other actions remained stayed except the San Bernardino County action which proceeded to final judgment. The third action filed in Contra Costa County was amended to delete class allegations and then proceeded to final judgment.

Following the lifting of the stay in 2018, this Action proceeded on two tracks. One track was for Shell and Medina to work cooperatively together to reach a stipulation of undisputed evidence on which Shell's motion for summary

judgment would be based. The other track was for R&M and Medina to conduct an early mediation before further delays and discovery costs were incurred.

Medina and R&M decided to participate in a voluntary private mediation before the Honorable Carl J. West (Ret). That mediation was conducted on January 3, 2019. Prior to the mediation, R&M provided Medina with certain information so that the mediation could proceed on an informed basis. Medina determined that this information coupled with the discovery undertaken in the Wales Action was sufficient to allow for a meaningful mediation in the absence of conducted additional discovery.

While Medina and R&M did not reach a settlement at the mediation hearing, Judge West remained involved in the mediation process; and, as a result, a settlement in principal was reached between those parties on January 15, 2019. As part of this process, Medina and R&M also reached a settlement of certain individual claims brought by Medina. That settlement is conditioned upon this settlement.

As noted above, Shell and Medina worked cooperatively to reach stipulations of fact for the parties to use in connection with Shell summary judgment motion.

The drafting of the settlement agreement was particularly arduous. The initial settlement agreement was presented to this Court for preliminary approval. Shortly before the hearing, the Court provided the parties with detailed questions and comments which were incorporated into the Court's ruling. The hearing was continued to allow the parties to address the Court's comments.

An amended settlement agreement was then presented to the Court. Again and shortly before the hearing, the Court provided the parties with further comments and questions. The hearing was again continued.

The parties then presented the Court with a second amended settlement agreement. This resulted in the Court preliminarily approving the settlement but the preliminary approval order went through several drafts and modifications before it was signed and filed.

One of the requirements of the parties' Second Amended and Restated Settlement Agreement was that R&M was to provide certain Class Information to the Settlement Administrator and to Class Counsel. Included in this information was certain specific payroll data to allow Class Counsel to determine whether certain factual representations made by R&M were accurate.

The Class Information provided to Class Counsel, while mostly complete, still required significant analysis and supplementation.

The Settlement Administrator did not mail the Class Notices by the date required by the Court. This resulted in the parties seeking to vacate certain dates set forth in the preliminary approval order and seek new dates. The parties determined that because of this it would be appropriate to further amend their settlement agreement to correct certain issues. This was accomplished and ultimately this Court preliminarily approved the parties' Third Amended and Restated Settlement Agreement and related exhibits.

Pursuant to the Court's order, the Class Notices were mailed to the Settlement Class by the Settlement Administrator on April 26, 2021.

III. LAW APPLICABLE TO ATTORNEY FEE AND COST AWARDS IN CLASS ACTIONS.

In class actions, attorneys' fees and costs are determined by the Court and not simply left to the retainer agreements signed by the Representative Plaintiff. The amount of any award rests in the sound discretion of the Court.

California courts favor the lodestar/multiplier method of determining attorneys' fees. (See *Lealao v. Beneficial California, Inc.* (2000) 82 Cal.App.4th 19; *Flannery v. California Highway Patrol* (1998) 61 Cal.App.4th 629; *Serrano v.*

Priest (1977) 20 Cal.3d 25 (hereafter "Serrano III").) The lodestar/multiplier method begins with the calculation of the lodestar by multiplying the hours spent on the case by an hourly rate. In Serrano III, the California Supreme Court established the proposition that the lodestar amount is set by the trial court as an objective determination of the value of the lawyers' services. The California Supreme Court then went on to hold that the trial courts have the discretion to increase or decrease the lodestar figure by applying a multiplier.

The California Supreme Court has articulated certain factors that a court may consider in determining whether to apply a fee enhancement. These factors include the novelty and difficulty of the issues, the skill the lawyer displayed in representing them, the extent to which the litigation precluded the lawyer from accepting other employment, and the contingent nature of the fee award (both from the view of eventual victory on the merits and the view of establishing eligibility for an award). (Serrano III, 20 Cal.3d at 49.)

The California Supreme Court revisited the issue of determining fees and enhancements on three occasions after *Serrano III* in *Press v. Lucky Stores, Inc.* (1983) 34 Cal.3d 311, *Maria P. v. Riles* (1987) 43 Cal.3d 1281, and *Ketchum v. Moses* (2001) 24 Cal.4th 1122 (hereafter "Ketchum"). In each of these cases, the Supreme Court underscored the importance of using the lodestar to calculate an objectively reasonable attorney fee award and the use by the trial judge of a multiplier to increase the lodestar figure depending on a variety of factors, including the contingent nature of the fee award.

In discussing the basic rules, the Supreme Court stated in *Ketchum*:

Under *Serrano III*, a court assessing attorney *fees* begins with a touchstone or lodestar figure, based on the "careful compilation of the time spent and *reasonable* hourly compensation of each attorney . . . involved in the presentation of the case." (*Serrano III*, *supra*, *20 Cal*. *3d at p*. *48*.) We expressly approved the use of prevailing hourly rates as a basis for the lodestar, noting that anchoring the calculation of attorney *fees* to the lodestar adjustment method " 'is the only way of approaching the problem that can claim objectivity, a claim which is obviously vital to the prestige of the bar and the courts.' " (*Id. at p. 48, fn.*

<u>23</u>.) In referring to "<u>reasonable</u>" compensation, we indicated that trial courts must carefully review attorney documentation of hours expended; "padding" in the form of inefficient or duplicative efforts is not subject to compensation. (See id. at p. 48.) 3 Under *Serrano III*, the lodestar is the basic *fee* for comparable legal services in the community; it may be adjusted by the court based on factors including, as relevant herein, (1) the novelty and difficulty of the questions involved, (2) the skill 5 displayed in presenting them, (3) the extent to which the nature of the litigation precluded other employment by the attorneys, (4) 6 the contingent nature of the <u>fee</u> award. (<u>Serrano III, supra, 20</u> <u>Cal. 3d at p. 49</u>.) The purpose of such adjustment is to fix a <u>fee</u> at 7 the fair market value for the particular action. In effect, the court 8 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. The "'experienced trial judge is the best judge of the value of professional services rendered in his court, and while his judgment is of course subject 10 11 to review, it will not be disturbed unless the appellate court is convinced that it is clearly wrong.' "(Ibid.) *Ketchum*, 24 Cal.4th at 1132-1133. 12 13 See also PLCM Group, Inc. v. Drexler, (2000) 22 Cal.4th 1084. 14 In Wershba v. Apple Computer, Inc. (2001) 91 Cal. App. 4th 224, a decision following *Ketchum*, the court affirmed an attorney fee award using the lodestar/multiplier approach made as part of a class action settlement. 16 17 The court in Wershba at 254 held, as follows: 18 "No specific findings reflecting the court's calculations were required. (Rebney v. Wells Fargo Bank, supra, [(1991)] 232 Cal.App.3d [1344] at p. 1349.) The record need only show that 19 the attorney fees were awarded according to the `lodestar' or `touchstone' approach'. (Ibid.)" 20 21 The court in Wershba at 255 went on to note that multipliers can range 22 from 2.0 to 4.0, or even higher, to reflect contingent risk: "An experienced trial judge is in a position to assess the value of the professional services rendered in his or her court. (Ibid; 23 Serrano v. Priest (1977) 20 Cal.3d 25, 49.) The lodestar multiplier 24 used was 1.42. Multipliers can range from 2 to 4 or even higher. [Citations.]" [Emphasis added.] 25 In Feminist Women's Health Center v. Blythe (1995) 32 Cal.App.4th 1641, 26 27

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR AN AWARD OF ATTORNEYS' FEES, COSTS AND EXPENSES AND A SERVICE AWARD ETC

"`[w]here a plaintiff has obtained excellent results, his attorney should recover a fully compensatory fee. Normally, this will

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the court noted:

encompass all hours reasonably expended on the litigation, and indeed in some cases of exceptional success an enhanced award may be justified. . . .''' (*Id.* at p. 1674, n.8, quoting from *Hensley v. Eckerhart* (1983) 461 U.S. 424, 435-36.)

Once the lodestar amount is determined, the Court may use a multiplier to augment the lodestar figure. (*Press v. Lucky Stores, Inc., supra* (1983) 34 Cal.3d 311, 322.) One purpose of the multiplier is to establish a fee that is "likely to entice competent counsel to undertake difficult public interest cases." (*San Bernardino Valley Audubon Society, Inc. v. County of San Bernardino* (1984) 155 Cal.App.3d 738, 755.) A multiplier is recognized as necessary to attract competent representation for cases meriting legal assistance and "to compensate for the high quality of work performed and the contingencies involved in undertaking this litigation." (*Press v. Lucky Stores, Inc., supra* 34 Cal.3d 311, 322.)

In Syers Properties III, Inc. v. Rankin, (2014) 226 Cal.App.4th 691, the issue was the determination of the prevailing rate for fees. The moving party had utilized the Laffey Matrix, which is an analysis of prevailing rates in the Washington DC area and then adjusted those rates based upon the consumer price index to apply to the San Francisco area. The Court of Appeal found that using the Laffey Matrix in this manner was acceptable for determining hourly rates. In connection with this motion, the hourly rates of Class Counsel are below and at the present time far below the rates provided in the Laffey Matrix even without adjusting those rates higher to reflect the consumer price difference in the Los Angeles area where Class Counsel practices.

In addition to an award of fees, Class Counsel also seeks reimbursement for costs and out-of-pocket expenses. Costs and out-of-pocket expenses are recoverable as incident to a fee award in addition to costs. (See *Downey Cares v. Downey Community Development Com.* (1987) 196 Cal.App.3d 983, 998, n.13.)

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Expenses that should be reimbursed include "photocopying, postage, travel and the like." (Beasley v. Wells Fargo Bank (1991) 235 Cal.App.3d 1407, 1419.)

ANALYSIS OF LODESTAR AND MULTIPLIER

Accompanying this motion is a Declaration of Samuel T. Rees. Attached thereto as Exhibit A is a complete listing of time records for services performed by Bleau Fox in this action. The recorded time is solely for Mr. Rees, although others at the firm provided small amounts of services over the last decade.

The time records run from June 29, 2010 until May 21, 2021, although additional services have been performed since that time and will be performed in the future until such time as this matter is fully resolved. Bleau Fox will seek those fees from Shell should the summary judgment be reversed.

According to the time records, Mr. Rees has devoted in excess of 683 hours. Mr. Rees' normal hourly rate on contingent and class action matters is \$600 per hour. Attached to Mr. Rees' declaration as Exhibit B is a current copy of the Laffey Matrix. This exhibit establishes the reasonable value of Mr. Rees time based upon his many years of experience. Attached to Mr. Rees' declaration as Exhibit C is a true and correct copy of Mr. Rees' current resume. Mr. Rees' experience was also provided to this Court in connection with Bleau Fox's appointment as Class Counsel.

As noted above, the Third Amended and Restated Settlement Agreement provides for a maximum payment for attorneys' fees \$281,667. See Paragraph 4.

Normally, the next part of the analysis by the Court is to determine an appropriate multiplier. The factors justifying a substantial multiplier are also discussed in the accompanying declaration of Samuel T. Rees; but the fact of the matter is that there are simply no funds to apply a more than 1.0 multiplier and comply with the conditions of the settlement agreement unless the Court were to substantially reduce the hourly rate applied to Mr. Rees or find that a substantial amount of the services performed by Mr. Rees were unnecessary.

Should either of such events occur, Bleau Fox requests that this Court apply an appropriate multiplier to the adjusted lodestar but not to exceed the maximum provided by the settlement agreement.

V. THE COURT SHOULD AWARD BLEAU FOX \$11,267.24 AS REASONABLE COSTS AND EXPENSES INCURRED IN THIS ACTION.

Attached to Mr. Rees' declaration as Exhibit D is a listing of the costs and expenses incurred and paid for by Bleau Fox. These costs and expenses are shown at \$11,367.24. Most of those expenses are straight forward and require little explanation. They consist of filing fees and CourtCall fees. There is, however, a significant cost paid to JAMS which was Medina's share of the mediation fee for the successful mediation before Judge West. The Court should note that many of these costs have been carried by Bleau Fox for many, many years.

Movants submit that the costs are clearly reasonable and do not exceed \$15,000 which was estimated by Class Counsel in the Class Notice.

VI. MEDINA SHOULD BE GRANTED A SERVICE AWARD IN THE SUM OF \$5,000

In Paragraph 25 of the Third Amended and Restated Settlement Agreement, Medina stated an intention to seek a Service Award of \$5,000 and R&M agreed not to object to a Service Award that does not exceed \$5,000. This motion seeks that Service Award.

The requested Service Award is fully justified. Medina has been required to expend extraordinary amounts of time both before the commencement of this action and after it was filed to seek recovers for all of his fellow employees at Shell owned service stations in California. He has submitted to a lengthy deposition and has reviewed countless filings. He has also been required to supervise the activities of counsel and provide guidance to counsel on both

Shell's and R&M's policies, procedures and practices and the operation of R&M's stations. Finally, Medina provided invaluable assistance to Class Counsel in 3 preparing damage studies for use at trial and settlement negotiations. In addition, Medina has endured substantial risks. While counsel for 5 Medina was retained on a contingency fee basis and has funded all costs of 6 prosecution, Medina was at risk for the payment of recoverable costs. Because Medina has and will continue to fully participate in this Action, performed all that has been asked of him and endured the substantial risks, it is submitted that the \$5,000 Service Award is fully justified. 10 VII. CONCLUSION. 11 For the foregoing reasons, it is respectfully requested that this Court make an award of attorneys' fees, costs and expenses to Class Counsel in the sum of 12 \$281,667 and \$11,367.24 respectively and make a Service Award to Medina in 13 14 the sum of \$5,000. 15 Because these payments are made before the remaining Total Settlement Amount is divided between the two subclasses, each subclass only bears its 16 17 prorate share of these payments. 18 Respectfully submitted. 19 Dated: June 1, 2021 BLEAU FOX A Professional Law Corporation 20 By: /s/ Samuel T. Rees 21 Samuel T. Rees 22 Attorneys for Plaintiff and Plaintiff Class 23 24 25 26 27 28

BLEAU FOX

1	PROOF OF SERVICE				
3	I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 580 West Empire Avenue, Burbank, California 91504.				
4 5	POINTS AND AUTHORITIES IN SUPPORT OF MOTION FOR AN AWARD OF ATTONEYS' FEES, COSTS AND EXPENSES AND A SERVICE AWARD TO THE CLASS REPRESENTATIVE on the interested parties				
6 7	electronic addresses noted therein.				
8	is true and correct. FEDERAL: I declare under penalty of periury under the laws of the United States of America that the				
10 11	member of the Bar of this Court at whose discretion this service was made. Executed on June 1, 2021, at Burbank, California.				
	/s/ Nathan Childress				
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