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FILED
Superior Court of California
County of Los Angeles
07/18/2023

David W. Slayton, Executive Officer / Clerk of Court

FINAL RULINGS/ORDERS RE: MOTION FOR FINAL APPROVAL OF CLASS^{aiga} Deputy ACTION SETTLEMENT

Chidimma Igboakaeze v. Vera Bradley Sales, LLC, et al., Case
No.: 20STCV04294

The Parties' Motion for Final Approval of Class Action Settlement is **GRANTED** as the settlement is fair, adequate, and reasonable.

The essential terms are:

- A. The Gross Settlement Amount ("GSA") is \$250,000. [Escalator Clause: For the period of February 3, 2016 to April 22, 2021, there were no more than 8,000 Workweeks. If the total number of Workweeks during the Release Period exceeds 8,000 by more than ten percent (10%), then, the GSA will be increased on a proportional basis by the same number of percentage points above ten percent (10%). The escalator clause was not triggered.]
- B. The Net Settlement Amount is the GSA minus the following:
- \$83,333.33 (33 1/3%) for attorney fees to Class Counsel, Lawyers for Justice, PC;
 - \$11,958.23 for attorney costs to Class Counsel;
- \$5,000 for an enhancement award of to the class representative, Chidimma Igboakaeze;
- \$5,000 for settlement administration costs to Phoenix Settlement Administrators;
 - \$28,125 (75% of \$37,500 PAGA penalty) to the LWDA.
- C. Defendant will be separately responsible for its portion of payroll taxes in addition to the GSA.
- D. Plaintiffs release of Defendants from claims described herein.
- By <u>August 18, 2023,</u> Class Counsel must give notice to the class members pursuant to California Rules of Court, rule 3.771(b) and to the LWDA, if applicable, pursuant to Labor Code \$2699 (1)(3).

Court sets Non-Appearance Case Review for August 25, 2023, 8:30 a.m., Department 9.

By July 18, 2024, Class Counsel must:

- a. file a Final Report re: Distribution of the settlement funds;
- b. lodge a [Proposed] Amended Judgment pursuant to Cal. Code of Civ. Pro. § 384 that also includes the amount of unpaid residue or unclaimed or abandoned class member funds and interest thereon to be distributed to the cy pres;
- c. email the [Proposed] Amended Judgment in Word format to Dept. 9 staff at sscdept9@lacourt.org.

Counsel must give notice to the Judicial Council of California, Ms. Donna Newman, Budget Services in Sacramento: donna.newman@jud.ca.gov upon entry of the Amended Judgment pursuant to Cal. Code of Civ. Pro. §384.5.

Court sets Non-Appearance Case Review for July 25, 2024, 8:30 AM, Department 9.

I. INTRODUCTION

A. Background

Plaintiff Chidimma Igboakaeze sues her former employer, Defendants Vera Bradley Sales, LLC and Vera Bradley Designs, Inc. (collectively, "Defendants") for alleged wage and hour violations. Defendants are an American luggage and handbag company headquartered in Fort Wayne, Indiana and operate one location within California in the city of Torrance. Plaintiff seeks to represent a class of Defendants' current and former non-exempt employees.

On February 3, 2020, Plaintiff filed a class action complaint against Defendants. On July 15, 2020, Plaintiff filed the First Amended Complaint alleging causes of action for: (1) unpaid overtime (Labor Code §§ 510, 1198); (2) unpaid meal period premiums (Labor Code §§ 226.7, 512(a)); (3) unpaid rest period premiums (Labor Code § 226.7); (4) unpaid minimum wages (Labor Code §§ 1194, 1197, 1197.1); (5) final wages not timely paid (Labor Code §§ 201, 202); (6) wages not timely paid during employment (Labor Code § 204); (7) non-compliant wage statements

(Labor Code § 226(a)); (8) failure to keep requisite payroll records (Labor Code § 1174(d)); (9) unreimbursed business expenses (Labor Code §§ 2800, 2802); (10) violation of Bus. & Prof. Code §§ 17200, et seq.; and (11) violation of the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA").

On April 22, 2021, the parties mediated before Jeffrey A. Ross, Esq., which resulted in settlement. The terms were finalized in the Stipulation of Class Action and PAGA Settlement ("Settlement Agreement"), a copy of which was filed with the Court.

On May 4, 2022, the Court issued a "checklist" to the parties pertaining to deficiencies in the proposed settlement. In response, the parties filed further briefing, including a First Amended Settlement Agreement.

On January 24, 2023, after the parties filed a further revised Settlement Agreement to address concerns raised by the Court, preliminary approval of the settlement was granted. All references below are to the Second Amended Settlement Agreement attached as Exhibit 2 to the Supplemental Declaration of Yasmin Hosseini filed January 13, 2023.

Now before the Court is the motion for final approval of the settlement agreement.

B. Settlement Class Definition

"Class Member(s)" or "Class": all current and former hourly-paid or non-exempt employees of Defendants in California employed between February 3, 2016 through July 22, 2021. (¶6.d)

"Release Period": February 3, 2016 through July 22, 2021. $(\P6.f)$

"PAGA Members": all current and former hourly-paid or non-exempt employees of Defendants in California employed between May 6, 2019 through July 22, 2021. ($\P6.v$)

"PAGA Period": May 6, 2019 through July 22, 2021. (96.x)

"Settlement Class Members": all Class Members who do not submit a timely and valid Request for Exclusion. ($\P6.jj$)

The parties stipulate to class certification for settlement purposes only. $(\P7)$

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C. Terms of Settlement Agreement

The essential terms are:

- The Total Settlement Amount is \$250,000, non-reversionary. (\$6.kk)
- o Escalator Clause: Defendant represents that, for the period of February 3, 2016 to April 22, 2021, there were no more than 8,000 Workweeks. If it is determined that the total number of Workweeks during the Release Period actually exceeds 8,000 by more than ten percent (10%), then, the Total Settlement Amount will be increased on a proportional basis by the same number of percentage points above ten percent (10%) (e.g., if the number of Workweeks for the time period of February 3, 2016 through July 22, 2021 actually exceeds 8,000 by 11% to 8,880 Workweeks, the Total Settlement Amount will increase by 1%). (¶36)
- o At final approval, the settlement administrator represents that Settlement Class Members worked a collective total of seven thousand two hundred sixty-two (7,262) Workweeks during the Release Period. (Declaration of Taylor Mitzner ("Mitzner Decl.") ¶10.) Accordingly, the escalator clause was not triggered.
- The Net Settlement Amount ("Net") (\$89,875) is the Total Settlement Amount minus the following:
- o Up to \$87,500 (35%) for attorney fees (\$10);
- o Up to \$30,000 for litigation costs (Ibid.);
- O Up to \$7,500 for a service award to the Named Plaintiff ($\P11$);
- o Up to \$7,000 for settlement administration costs ($\P12$); and o Payment of \$28,125 (75% of \$37,500 PAGA penalty) to the LWDA ($\P13$).
- \bullet Defendant shall be responsible for paying employer-side taxes separately and in addition to the Total Settlement Amount. $(\P 25)$
- No Claim Form. Class Members will not have to submit a claim form in order to receive their settlement payment. (¶14)
- Response Deadline. "Response Deadline" means the deadline by which Class Members must submit a Request for Exclusion, Notice of Objection, and/or dispute of the Workweeks credited to them, which shall be the date that is sixty (60) calendar days from the initial mailing of the Class Notice by the Settlement Administrator. In the event that a Class Notice is re-mailed to

- a Class Member, the Response Deadline for that Class Member shall be the extended by fifteen (15) calendar days. (¶6.gg) o Any Class Member who validly requests to be excluded from the Class Settlement will not be a Settlement Class Member and will not have any right to object, appeal, or comment on the Class Settlement; however, if the Class Member worked during the PAGA Period, he or she will be a PAGA Member, will still receive an Individual PAGA Payment, and will be bound by the PAGA Settlement regardless of whether he or she has submitted a timely and valid Request for Exclusion. (¶20)
- o If five percent (5%) or more of the Class Members submit timely and valid Requests for Exclusion, Defendants may elect to rescind the Settlement Agreement. ($\P34.a$)
- Individual Settlement Payment Calculation. The Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Settlement Class Members during the Release Period to yield the "Class Workweek Value," and multiply each Settlement Class Member's individual Workweeks during the Release Period by the Class Workweek Value to yield his or her Individual Settlement Share. If any Class Member submits a timely and valid Request for Exclusion, his or her Individual Settlement Share will remain part of the Net Settlement Amount and will proportionally increase each Settlement Class Member's Individual Settlement Share. (¶14.a)
- o PAGA Payments: To determine the Individual PAGA Payment for each PAGA Member, the Settlement Administrator will divide the 25% portion of the PAGA Penalty Amount attributed to PAGA Members, i.e., \$9,375.00, by the total number of Workweeks worked by all PAGA Members during the PAGA Period ("Total PAGA Workweeks") resulting in the PAGA Workweek Value and then multiplying the PAGA Workweek Value by the number of Workweeks worked by each individual PAGA Member during the PAGA Period. (¶14.b)
- o <u>Tax Allocation</u>. Each Individual Settlement Share will be allocated as follows: twenty percent (20%) wages and eighty percent (80%) penalties and interest. Any payment for an Individual PAGA Payment will be allocated as penalties. $(\P25)$
- Funding and Distribution of Settlement. Within thirty (30) calendar days of the Effective Date, Defendants will make a one-time deposit of the Total Settlement Amount, along with any employer-side tax obligations associated with the Total Settlement Amount, into a settlement account to be established by the Settlement Administrator. Within seven (7) calendar days of the funding of Total Settlement Amount, the Settlement Administrator will issue payments due under the Settlement and approved by the Court, as follows: (a) Individual Settlement Shares to Settlement Class Members; (b) Individual PAGA Payments

- to PAGA Members; (c) LWDA Payment to the LWDA; (d) Enhancement Payment to Plaintiff; and (e) Attorneys Fees and Costs to Class Counsel. The Settlement Administrator will also issue a payment to itself for Settlement Administration Costs. (¶9)
- <u>Uncashed Checks</u>. Each Settlement check will be valid and negotiable for one hundred and eighty (180) calendar days from the date the checks are issued, and thereafter, shall be cancelled. All funds associated with such cancelled checks will be transmitted to the cy pres, Los Angeles Legal Aid Foundation, in accordance with California Code of Civil Procedure section 384. (¶19)
- Phoenix Settlement Administrators will perform settlement and notice administration. (¶6.hh)
- The settlement was last submitted to the LWDA on June 21, 2023. (Proof of Service filed 6/21/2023.)
- Notice of Entry of Judgment will be posted on the settlement administrator's website. (\$57)
- Release of Claims by all Settlement Class Members. Upon the Effective Date and full funding of the Total Settlement Amount, Plaintiff and all Class Members who do not submit a timely and valid Request for Exclusion (i.e., Settlement Class Members) will be deemed to have fully, finally and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Released Class Claims that he or she may have or had. In addition, all Class Members will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Released PAGA Claims irrespective of whether they have submitted a Request for Exclusion. (¶30)
- o "Released Claims" means the Released Class Claims and Released PAGA Claims. (¶6.bb)
- o "Released Class Claims" means all claims under state, federal, or local law, arising out of the claims expressly pleaded in the Action and all other claims alleged in, or arising out of facts asserted in, the Operative Complaint, arising during the Class Period, including but not limited to claims under the California Labor Code, Wage Orders, regulations, and/or other provisions of law, that could have been asserted based on the facts pleaded in the Operative Complaint for: (1) failure to pay overtime wages; (2) failure to pay meal period premiums; (3) failure to pay rest period premiums; (4) failure to pay minimum wages; (5) failure to timely pay wages during employment; (7) failure to provide compliant wage statements; (8) failure to keep requisite payroll records; (9)

failure to reimburse necessary business expenses; and (10) violation of California's unfair competition law. (96.cc) "Released PAGA Claims" means any and all claims for civil penalties arising from claims for penalties that were brought or could have been brought based on the facts alleged in the LWDA Letter, arising during the PAGA Period, pursuant to California Labor Code § 2698, et seq., for (1) failure to pay overtime wages; (2) failure to pay meal period premiums; (3) failure to pay rest period premiums; (4) failure to pay minimum wages; (5) failure to timely pay wages upon termination; (6) failure to timely pay wages during employment; (7) failure to provide compliant wage statements; (8) failure to keep requisite payroll records; (9) failure to reimburse necessary business expenses; (10) violation of California's unfair competition law, and (11) any violation or breach of the California Labor Code arising from or related to the conduct alleged in the LWDA Letter. (96.dd)

- o "Released Parties" means Defendants, and all their past, present, and future parent companies, subsidiaries, affiliates, shareholders, directors, officers, agents, employees, attorneys, insurers, members, partners, managers, contractors, consultants, representatives, administrators, fiduciaries, benefit plans, transferees, predecessors, successors, and assigns of any of the foregoing, and any other persons or entities who are or could be jointly liable with Defendants for the Released Claims. (¶6.ee)
- o Named Plaintiff will provide a general release and \$1542 waiver. (\$31)

II. DISCUSSION

A. Does a Presumption of Fairness Exist?

- 1. Was the settlement reached through arm's-length bargaining? Yes. On April 22, 2021, the parties mediated before Jeffrey A. Ross, Esq., which resulted in settlement. (Aiwazian Decl. ISO Prelim ¶11).
- 2. Were investigation and discovery sufficient to allow counsel and the court to act intelligently? Yes. Class Counsel represents that prior to mediation, they conducted investigation and formal and informal discovery regarding the facts of the case, including and not limited to, the exchange, review, and analysis of documents and data obtained from Defendants, Plaintiff, and other sources.

Class Counsel propounded multiple sets of formal written discovery requests onto Defendants (specifically, Requests for Production of Documents (Set One), Special Interrogatories (Sets One and Two), and Form Interrogatories-General (Set One), and noticed the depositions of Defendants' Person Most Knowledgeable designees. The data and documents that Class Counsel reviewed and analyzed included and was not limited to: Plaintiff's employment records, a sampling of Class Members' time and pay data, Defendants' Associate Handbook, company policy acknowledgements, agreements (including but not limited to California Meal Break Waiver Agreement), internal memoranda, job descriptions, Defendants' operations and employment practices, policies (including but not limited to, Travel and Entertainment Policy, Non-Exempt Associate Electronic Communications Policy, and Appearance and Dress policy), and procedures (including but not limited to Defendants' Attendance Incident Tab, Behavioral Rules of Conduct, and Performance Evaluations), among other information and documents.

Class Counsel interviewed Plaintiff and other Class Members to gather facts and to identify potential witnesses. (Id. at 12.)

- 3. Is counsel experienced in similar litigation? Yes. Class Counsel is experienced in class action litigation, including wage and hour class action cases. (Id. at ¶7)
- 4. What percentage of the class has objected? None. (Mitzner Decl. $\P8.$)

The Court concludes that the settlement is entitled to a presumption of fairness.

B. Is the Settlement Fair, Adequate, and Reasonable?

1. Strength of Plaintiff's case. "The most important factor is the strength of the case for plaintiff on the merits, balanced against the amount offered in settlement." (Kullar v. Foot Locker Retail, Inc. (2008) 168 Cal.App.4th 116, 130.)

Counsel provided the following exposure analysis:

Violation	Maximum	Realistic	
VIOLACION	Exposure	Exposure	
Failure to Pay Overtime Wages	\$292,734.00	\$61,474.14	
Failure to Pay Minimum	\$97,578.00	\$11,709.36	
Wages	791,310.00	711, 709.30	

Failure to Provide Meal Periods	\$292,734.00	\$61,474.14
Failure to Provide Rest Periods	\$195,156.00	\$23,418.72
Waiting Time Penalties	\$330,480.00	\$39,657.60
Wage Statement Violations	\$46,750.00	\$5,610.00
Unreimbursed Business Expenses	\$57,824.00	\$7,228.00
PAGA Penalties	\$70,950.00	\$20,859.30
Total	\$1,384,206.00	\$231,431.26

(Hosseini Decl. ISO Prelim ¶¶ 9-60.)

- 2. Risk, expense, complexity and likely duration of further litigation. Given the nature of the class claims, the case is likely to be expensive and lengthy to try. Procedural hurdles (e.g., motion practice and appeals) are also likely to prolong the litigation as well as any recovery by the class members.
- 3. Risk of maintaining class action status through trial. Even if a class is certified, there is always a risk of decertification. (See Weinstat v. Dentsply Intern., Inc. (2010) 180 Cal.App.4th 1213, 1226 ("Our Supreme Court has recognized that trial courts should retain some flexibility in conducting class actions, which means, under suitable circumstances, entertaining successive motions on certification if the court subsequently discovers that the propriety of a class action is not appropriate.").)
- 4. Amount offered in settlement. Plaintiff calculated Defendant's maximum exposure at \$1,384,206 and realistic exposure at \$231,431.26. The \$250,000 settlement amount represents approximately 18.1% of Defendant's maximum potential damages and 108% of Defendant's realistic potential damages, given the uncertain outcomes, is within the "ballpark of reasonableness."

The settlement amount, after the requested deductions, leaves approximately \$82,500 to be divided among approximately 162 participating class members. The resulting payments will average approximately \$509.26 per class member.

5. Extent of discovery completed and stage of the proceedings. As indicated above, at the time of the settlement, Class Counsel had conducted sufficient discovery.

- 6. Experience and views of counsel. The settlement was negotiated and endorsed by Class Counsel who, as indicated above, is experienced in class action litigation, including wage and hour class actions.
- 7. Presence of a governmental participant. This factor is not applicable here.
- 8. Reaction of the class members to the proposed settlement.

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Number of class members: 162 (Mitzner Decl. ¶3.)

Number of notice packets mailed: 162 (Id. at ¶5.)

Number of undeliverable notices: 0 (Id. at ¶6.)

Number of opt-outs: 0 (Id. at ¶7.)

Number of objections: 0 (Id. at ¶8.)

Number of Participating Class Members: 162 (Id. at ¶10.)

Average individual payment: $509.26 (Id. at ¶13.)

Highest estimated payment: $2,999.17 (Ibid.)
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C. Attorney Fees and Costs

Class Counsel requests an award of \$87,500 (35%) in fees and \$11,958.23 in costs. (MFA at 28:17-24.) The Settlement Agreement provides for fees up to \$87,500 (35%) of the settlement amount and costs up to \$30,000 (\P 10).

"Courts recognize two methods for calculating attorney fees in civil class actions: the lodestar/multiplier method and the percentage of recovery method." (Wershba v. Apple Computer, Inc. (2001) 91 Cal.App.4th 224, 254, disapproved on another ground in Hernandez v. Restoration Hardware, Inc. (2018) 4 Cal.5th 260.) Here, class counsel requests attorney fees using the lodestar method. (MFA at pp. 15-28.) In common fund cases, the Court may employ a percentage of the benefit method, as cross-checked against the lodestar. (Laffitte v. Robert Half Int'l, Inc. (2016) 1 Cal.5th 480, 503.) The fee request represents approximately 35% of the gross settlement amount, which is above the average generally awarded in class actions. See In re Consumer Privacy Cases (2009) 175 Cal.App.4th 545, 558, fn. 13 ("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.").

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Counsel	provided	the	tollowing	lodestar	information:

Firm Rate Hours Totals

Lawyers for Justice, PC	\$750	423.80	\$317,850.00
Totals		423.80	\$317,850.00

(Aiwazian Decl. ISO Final ¶¶12-13, Exhibit A.)

Counsel's percentage-based fee request is higher than the unadjusted lodestar, which would require the application of an approximate 0.27x multiplier to reach the requested fees. Here, the \$87,500 fee request represents a high percentage of the total funds paid by Defendant. Notice of the fee request was provided to class members in the notice packet and no one objected. (Mitzner Decl. ¶8, Exhibit A thereto.) However, no facts are presented suggesting a fee award at 35% is appropriate. Plaintiff's counsel is experienced in wage and hour cases and do not show they took any risk in excess of that normally taken in any other contingent fee case of this type. Fees are set at 33 1/3% or \$83,333.33.

As for costs, Class Counsel is requesting \$11,958.23. This is less than the \$30,000 cap provided in the Settlement Agreement, for which Class Members were given notice and did not object. (Mitzner Decl. ¶8, Exhibit A thereto.) Counsel include: Mediation, Case Anywhere, and Filing and Service Fees. (Aiwazian Decl. ISO Final, Exhibit B.) The costs are reasonable in amount and reasonably necessary to this litigation.

Based on the above, the court awards \$83,333.33 for attorneys' fees and \$11,958.23 for attorneys' costs.

D. Claims Administration Costs

The settlement administrator, Phoenix Settlement Administrators, requests administration costs of \$5,000 (Mitzner Decl. $\P 18$). This is less than the estimated cost of \$7,000 provided for in the Settlement Agreement ($\P 12$) and disclosed to Class Members in the Notice, to which no one objected. (Mitzner Decl. $\P 8$, Exhibit A thereto).

The court awards administration costs in the requested amount.

E. Incentive Award to Class Representative

Plaintiff Chidimma Igboakaeze seeks an enhancement award of \$7,500 for her contributions to the action. (MFA at 30:5-7.)

In connection with the final fairness hearing, named Plaintiffs must submit declarations attesting to why they should

Plaintiff represents that her contributions to this action include: meeting with her attorneys, gathering documents for review with her attorneys, providing information regarding employee duties, helping develop case strategy, answering her attorneys' questions, identifying potential witnesses, describing the policies, practices, and procedures of Defendants, and reviewing the settlement. She estimates spending 33.5 hours on the case. (Decl. of Chidimma Igboakaeze ISO Final ¶¶3-5.)

Based on the above, the court grants the enhancement award in the reduced amount of \$5,000 to Plaintiff.

IV. CONCLUSION

Based upon the foregoing, the Court orders that:

- 1) The Parties' Motion for Final Approval of class action settlement is GRANTED as the settlement is fair, adequate, and reasonable.
 - 2) The essential terms are:
- A. The Gross Settlement Amount ("GSA") is \$250,000. [Escalator Clause: For the period of February 3, 2016 to April 22, 2021, there were no more than 8,000 Workweeks. If the total number of Workweeks during the Release Period exceeds 8,000 by more than ten percent (10%), then, the GSA will be increased on a proportional basis by the same number of percentage points

above ten percent (10%). The escalator clause was not triggered.]

B. The Net Settlement Amount is the GSA minus the following:

\$83,333.33 (33 1/3%) for attorney fees to Class Counsel, Lawyers for Justice, PC;

\$11,958.23 for attorney costs to Class Counsel; \$5,000 for an enhancement award of to the class representative, Chidimma Igboakaeze;

\$5,000 for settlement administration costs to Phoenix Settlement Administrators;

 $$28,125 (75\% \text{ of } $37,500 PAGA penalty) to the LWDA.}$

- C. Defendant will be separately responsible for its portion of payroll taxes in addition to the GSA.
- D. Plaintiffs release of Defendants from claims described herein.
- 3) By August 18, 2023, Class Counsel must give notice to the class members pursuant to California Rules of Court, rule 3.771(b) and to the LWDA, if applicable, pursuant to Labor Code \$2699(1)(3).
- 4) Court sets Non-Appearance Case Review for August 28, 2023, 8:30 a.m., Department 9
 - 5) By July 18, 2024, Class Counsel must:
- a. file a Final Report re: Distribution of the settlement funds;
- b. lodge a [Proposed] Amended Judgment pursuant to Cal. Code of Civ. Pro. § 384 that also includes the amount of unpaid residue or unclaimed or abandoned class member funds and interest thereon to be distributed to the cy pres;
- c. email the [Proposed] Amended Judgment in Word format to Dept. 9 staff at sscdept9@lacourt.org.
- 6) Counsel must give notice to the Judicial Council of California, Ms. Donna Newman, Budget Services in Sacramento: donna.newman@jud.ca.gov upon entry of the Amended Judgment pursuant to Cal. Code of Civ. Pro. §384.5.
- 7) Court sets Non-Appearance Case Review for July 25, 2024, 8:30 AM, Department 9.

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CLERK TO GIVE NOTICE TO MOVING PARTY. THE MOVING PARTY TO GIVE NOTICE TO ALL OTHER PARTIES.

IT IS SO ORDERED.

DATED: July 18, 2023

WETTE M. PALAZUELOS
JUDGE OF THE SUPERIOR COURT
Yvette M. Palazuelos / Judge