SUPERIOR COURT, STATE OF CALIFORNIA COUNTY OF SANTA CLARA

ANDREW VEITCH, et al., individually, and on behalf of others similarly situated, Plaintiffs, v.) Case No.: 22CV395001)) ORDER GRANTING PLAINTIFF'S) MOTION FOR PRELIMINARY APPROVA) OF CLASS ACTION AND PAGA) SETTLEMENT	ΑI
STANFORD HEALTH CARE, et al.,) Dept. 7)	
Defendants.))	

This is a putative class and Private Attorneys General Act ("PAGA") action. Plaintiffs Andrew Veitch, Ramona McCamish and Bennie Sumner (collectively, "Plaintiffs") allege that Defendant Stanford Health Care ("SHC" or "Defendant") committed various wage and hour violations. Before the Court is Plaintiffs' motion for preliminary approval of settlement, which is unopposed. As discussed below, the Court GRANTS Plaintiffs' motion.

I. BACKGROUND

According to the allegations of the operative Fourth Amended Complaint ("4AC"), Plaintiffs were employed by SHC as nurses in and adjacent to Stanford Hospital operating rooms and cardiovascular operating rooms. (4AC, ¶ 1.) Plaintiffs allege that Defendant failed to: provide timely meal periods; pay meal period premiums for late or missed meal periods; pay

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meal period premiums at the regular rate of pay; provide accurate wage statements; timely pay wages owed; pay all wages due at termination; and keep accurate payroll records.

Based on the foregoing, Plaintiffs initiated this action March 2022 and filed the operative 4AC on September 12, 2023, asserting the following causes of action: (1) failure to provide timely meal periods; (2) failure to pay meal period premiums at the regular rate of pay; (3) failure to provide accurate wage statements; (4) failure to pay all wages owed at separation; (5) violation of California Unfair Competition Law; and (6) penalties under PAGA.

Plaintiffs now seek an order: preliminarily approving the parties' class action settlement; certifying the Class for settlement purposes; ordering the proposed Class Notice be sent to the settlement Class; appointing Atticus Administration, LLC as the settlement administrator; granting conditional certification of the settlement Class; conditionally appointing Plaintiffs as Class representatives; appointing Goldstein, Borgen, Dardarian & Ho as Class counsel; and scheduling a final approval hearing.

II. LEGAL STANDARDS FOR SETTLEMENT APPROVAL

A. Class Action

Generally, "questions whether a [class action] settlement was fair and reasonable, whether notice to the class was adequate, whether certification of the class was proper, and whether the attorney fee award was proper are matters addressed to the trial court's broad discretion." (Wershba v. Apple Computer, Inc. (2001) 91 Cal.App.4th 224, 234–235 (Wershba), disapproved of on other grounds by Hernandez v. Restoration Hardware, Inc. (2018) 4 Cal.5th 260.)

"In determining whether a class settlement is fair, adequate and reasonable, the trial court should consider relevant factors, such as the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage

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of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement." (Wershba, supra, 91 Cal.App.4th at pp. 244-245, internal citations and quotations omitted.)

In general, the most important factor is the strength of the plaintiffs' case on the merits, balanced against the amount offered in settlement. (See Kullar v. Foot Locker Retail, Inc. (2008) 168 Cal.App.4th 116, 130 (Kullar).) But the trial court is free to engage in a balancing and weighing of relevant factors, depending on the circumstances of each case. (Wershba, supra, 91 Cal.App.4th at p. 245.) The trial court must examine the "proposed settlement agreement to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and adequate to all concerned." (Ibid., citation and internal quotation marks omitted.) The trial court also must independently confirm that "the consideration being received for the release of the class members' claims is reasonable in light of the strengths and weaknesses of the claims and the risks of the particular litigation." (Kullar, supra, 168 Cal.App.4th at p. 129.) Of course, before performing its analysis the trial court must be "provided with basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise." (Id. at pp. 130, 133.)

PAGA В.

Labor Code section 2699, subdivision (1)(2) provides that "[t]he superior court shall review and approve any settlement of any civil action filed pursuant to" PAGA. The court's review "ensur[es] that any negotiated resolution is fair to those affected." (Williams v. Superior Court (2017) 3 Cal.5th 531, 549.) Seventy-five percent of any penalties recovered under PAGA go to the Labor and Workforce Development Agency (LWDA), leaving the remaining twentyfive percent for the aggrieved employees. (Iskanian v. CLS Transportation Los Angeles, LLC

(2014) 59 Cal.4th 348, 380, overruled on other grounds by *Viking River Cruises, Inc. v. Moriana* (2022) 596 U.S. 639, 2022 U.S. LEXIS 2940.)

Similar to its review of class action settlements, the Court must "determine independently whether a PAGA settlement is fair and reasonable," to protect "the interests of the public and the LWDA in the enforcement of state labor laws." (*Moniz v. Adecco USA, Inc.* (2021) 72 Cal.App.5th 56, 76–77.) It must make this assessment "in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws." (*Id.* at p. 77; see also *Haralson v. U.S. Aviation Servs. Corp.* (N.D. Cal. 2019) 383 F. Supp. 3d 959, 971 ["when a PAGA claim is settled, the relief provided for under the PAGA [should] be genuine and meaningful, consistent with the underlying purpose of the statute to benefit the public"], quoting LWDA guidance discussed in *O'Connor v. Uber Technologies, Inc.* (N.D. Cal. 2016) 201 F.Supp.3d 1110 (*O'Connor*).)

The settlement must be reasonable in light of the potential verdict value. (See O'Connor, supra, 201 F.Supp.3d at p. 1135 [rejecting settlement of less than one percent of the potential verdict].) But a permissible settlement may be substantially discounted, given that courts often exercise their discretion to award PAGA penalties below the statutory maximum even where a claim succeeds at trial. (See Viceral v. Mistras Group, Inc. (N.D. Cal., Oct. 11, 2016, No. 15-CV-02198-EMC) 2016 WL 5907869, at *8–9.)

III.SETTLEMENT PROCESS

Shortly before the filing of the Second Amended Complaint, the Court lifted a stay of discovery on July 13, 2022, and Plaintiffs subsequently propounded various discovery on SHC. Shortly thereafter, the parties agreed to engage in early mediation with Mr. Jeffrey Ross and to limit SHC's responses to discovery to those documents that would aid settlement discussions. Although the parties were unable to reach a resolution upon the conclusion of the March 29,

2023 mediation session, they agreed to continue settlement discussions with Mr. Ross' assistance, while resuming formal discovery.

In response to Plaintiffs' discovery requests and to aid in settlement discussions, SHC produced thousands of pages of documents, including personnel files for each of the three named plaintiffs, timekeeping data for the entire class, payroll data for the entire class, contact information for the entire class, job history assignment data for the entire class, meal period policy documents, payroll policy documents, employee handbooks, collective bargaining agreements, document and data retention policies, job descriptions, and thousands of pages of redacted documents related to meal break timing and exception requests maintained by SHC in hard copy form. Plaintiffs' counsel also undertook its own independent investigation, interviewing Plaintiffs and many putative class members and reviewing numerous documents produced by those individuals.

The parties engaged in a second mediation session with Mr. Ross on January 24, 2024, at which time they were able to reach a settlement in principle. The parties executed a memorandum of understanding on April 16, 2024, and a long form settlement agreement on May 10, 2024, which is now before the Court.

IV. SETTLEMENT PROVISIONS

The non-reversionary gross settlement amount is \$10 million. Attorney's fees of up to \$3.33 million (or one-third of the gross settlement), litigation costs not to exceed \$50,000 and administration costs not to exceed \$15,000 will be paid from the gross settlement. \$240,000 will be allocated to PAGA penalties, 75% of which (\$180,000) will be paid to the LWDA, with the remaining 25% distributed, on a pro rata basis, to "Aggrieved Employees," who are defined as

¹ The parties' settlement agreement also contains an escalator clause which provides for scaled increases in the settlement fund in the event there is a 10% increase in the number of work weeks encompassed by the settlement Class during the Class Period as compared to the data Defendant provided for mediation.

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"all SHC nurses who were paid on an hourly basis and who worked in California for SHC as (1) an operating nurse, (2) a peri-operative and/or post-operative nurse, or (3) a catheterization laboratory/endoscopy/interventional radiology/procedure room nurse from March 4, 2021 through April 13, 2024." Plaintiffs will each seek an enhancement award of \$20,000.

The estimated net settlement will be allocated, on a pro rata basis, to "Class Members," who are defined as "all SHC nurses who were paid on an hourly basis and who worked in California for SHC as (1) an operating nurse, (2) a peri-operative and/or post-operative nurse, or (3) a catheterization laboratory/endoscopy/interventional radiology/procedure room nurse from March 4, 2018 through April 13, 2024." Class Members will not be required to submit a claim to receive payment. For tax purposes, settlement payments will be allocated 20% to wages and 80% to penalties, interest and other non-wages. PAGA payments to Aggrieved Employees will be allocated 100% to penalties. Defendant is responsible for employer-side payroll taxes. Funds associated with checks uncashed after 180 days will be transmitted to the Controller of the State of California to be held in trust for such class members pursuant to California unclaimed property law.

In exchange for settlement, Class Members who do not opt out will release:

[A]ll claims, rights, demands, liabilities, charges, complaints, obligations, damages and causes of action, known or suspected, that each Settlement Class Member had, now has, or may hereafter claim to have had against the Released Parties, which were asserted in the Action, or that arise from or could have been asserted based on any of the facts circumstances, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act alleged in the alleged in the Action, during the Settlement Class Period. The Released Class Claims specifically include claims for (1) Failure to Provide Timely Meal Periods; (2) Failure to Pay Meal Period Premiums at the Regular Rate of Pay; (3) Failure to Provide Accurate Wage Statements; (4) Failure to Pay All Wages Owed at Separation; and (5) California Unfair

Competition Law. The specific statutes released include but are not limited to Labor Code §§ 201, 202, 203, 204, 210, 226, 226.3, 226.7, 256, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197. 1197.1, and 2698 et seq., as well as Business & Professions Code § 17200 and Wage Order 5. The enumeration of these specific statutes shall neither enlarge nor narrow the scope of res judicata based on the claims that were or could have been asserted in the Action ...

Aggrieved Employees, who consistent with the statute will not be able to opt out of the PAGA portion of the settlement, will release:

[A]ll allegations and claims for PAGA civil penalties under the California Private

Attorneys General Act, California Labor Code sections 2698 et seq., for any and all claimed
violations listed and based on the facts alleged in Plaintiffs' March 4, 2022 and September 26,
2022 letters to the California Labor & Workforce Development Agency, or otherwise claimed in
the Action, including violations of Labor Code sections 201-203, 204, 210, 226, 226.3, 226.7,
256, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 2698-99 and Wage Order 5.

The foregoing releases are appropriately tailored to the allegations at issue. (See *Amaro v. Anaheim Arena Management, LLC* (2021) 69 Cal.App.5th 521, 537.)

V. FAIRNESS OF SETTLEMENT

Based on available data, Plaintiffs' counsel estimated Defendant's maximum exposure for each claim to be as follows: \$35.9 million (meal period claims); \$113,736 (failure to pay meal period premiums at regular rate of pay); and \$660,300 (wage statement and waiting time penalties). Plaintiffs' counsel than estimated Defendant's *realistic* exposure for Plaintiffs' claims to be: \$9.2 million (meal period claims); \$350,000 (wage statement claims); and \$440,000 (waiting time penalties). Plaintiffs' counsel arrived at the aforementioned amounts by offsetting Defendant's maximum exposure by, among other things: the risk of class certification being denied (particularly with respect to the meal period claim due to the presence of individualized issues); Defendant's arguments on the merits, including that the nurses' union bargained for a

waiver of one of two meal breaks owed to nurses who worked longer than ten hours under Wage Order 5 section 11(D), that employees voluntarily took short or late meal breaks and that its policies otherwise complied with applicable law; the settlement, in this Court, of the related case of *Audycki, et al. v. Stanford Health Care*, No. 19CV347173, which involved wage statement claims; a lack of willfulness on Defendant's part with regard to various claimed violations; and the risk of not prevailing at trial or on appeal.

Considering the portion of the case's value attributable to uncertain penalties, claims that could be difficult to certify for class treatment, and the multiple, dependent contingencies that Plaintiffs would have had to overcome to prevail on their claims, the settlement achieves a good result for the class. For purposes of preliminary approval, the Court finds that the settlement is fair and reasonable to the class, and the PAGA allocation is genuine, meaningful, and reasonable in light of the statute's purposes.

Of course, the Court retains an independent right and responsibility to review the requested attorney fees and award only so much as it determines to be reasonable. (See *Garabedian v. Los Angeles Cellular Telephone Co.* (2004) 118 Cal.App.4th 123, 127–128.) Counsel shall submit lodestar information prior to the final approval hearing in this matter so the Court can compare the lodestar information with the requested fees. (See *Laffitte v. Robert Half Intern. Inc.* (2016) 1 Cal.5th 480, 504 [trial courts have discretion to double-check the reasonableness of a percentage fee through a lodestar calculation].)

VI. PROPOSED SETTLEMENT CLASS

Plaintiffs request that the following settlement class be provisionally certified:

All SHC nurses who were paid on an hourly basis and who worked in California for SHC as (1) an operating nurse, (2) a peri-operative and/or post-operative nurse, or (3) a catheterization laboratory/endoscopy/interventional radiology/procedure room nurse from March 4, 2018 through April 13, 2024.

A. Legal Standard for Certifying a Class for Settlement Purposes

Rule 3.769(d) of the California Rules of Court states that "[t]he court may make an order approving or denying certification of a provisional settlement class after [a] preliminary settlement hearing." California Code of Civil Procedure Section 382 authorizes certification of a class "when the question is one of a common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the court"

Section 382 requires the plaintiff to demonstrate by a preponderance of the evidence:

(1) an ascertainable class and (2) a well-defined community of interest among the class members. (Sav-On Drug Stores, Inc. v. Superior Court (2004) 34 Cal.4th 319, 326, 332 (Sav-On Drug Stores).) "Other relevant considerations include the probability that each class member will come forward ultimately to prove his or her separate claim to a portion of the total recovery and whether the class approach would actually serve to deter and redress alleged wrongdoing." (Linder v. Thrifty Oil Co. (2000) 23 Cal.4th 429, 435.) The plaintiff has the burden of establishing that class treatment will yield "substantial benefits" to both "the litigants and to the court." (Blue Chip Stamps v. Superior Court (1976) 18 Cal.3d 381, 385.)

In the settlement context, "the court's evaluation of the certification issues is somewhat different from its consideration of certification issues when the class action has not yet settled." (*Luckey v. Superior Court* (2014) 228 Cal.App.4th 81, 93.) As no trial is anticipated in the settlement-only context, the case management issues inherent in the ascertainable class determination need not be confronted, and the court's review is more lenient in this respect. (*Id.* at pp. 93–94.) But considerations designed to protect absentees by blocking unwarranted or overbroad class definitions require heightened scrutiny in the settlement-only class context, since the court will lack the usual opportunity to adjust the class as proceedings unfold. (*Id.* at p. 94.)

B. Ascertainable Class

A class is ascertainable "when it is defined in terms of objective characteristics and common transactional facts that make the ultimate identification of class members possible when that identification becomes necessary." (Noel v. Thrifty Payless, Inc. (2019) 7 Cal.5th 955, 980 (Noel).) A class definition satisfying these requirements "puts members of the class on notice that their rights may be adjudicated in the proceeding, so they must decide whether to intervene, opt out, or do nothing and live with the consequences. This kind of class definition also advances due process by supplying a concrete basis for determining who will and will not be bound by (or benefit from) any judgment." (Noel, supra, 7 Cal.5th at p. 980, citation omitted.)

"As a rule, a representative plaintiff in a class action need not introduce evidence establishing how notice of the action will be communicated to individual class members in order to show an ascertainable class." (*Noel*, *supra*, 7 Cal.5th at p. 984.) Still, it has long been held that "[c]lass members are 'ascertainable' where they may be readily identified ... by reference to official records." (*Rose v. City of Hayward* (1981) 126 Cal. App. 3d 926, 932, disapproved of on another ground by *Noel*, *supra*, 7 Cal.5th 955; see also *Cohen v. DIRECTV*, *Inc.* (2009) 178 Cal.App.4th 966, 975-976 ["The defined class of all HD Package subscribers is precise, with objective characteristics and transactional parameters, and can be determined by DIRECTV's own account records. No more is needed."].)

Here, the estimated 870 class members are readily identifiable based on Defendant's records, and the settlement class is appropriately defined based on objective characteristics. The Court finds that the settlement class is numerous, ascertainable, and appropriately defined.

C. Community of Interest

The "community-of-interest" requirement encompasses three factors: (1) predominant questions of law or fact, (2) class representatives with claims or defenses typical of the class, and

(3) class representatives who can adequately represent the class. (Sav-On Drug Stores, supra, 34 Cal.4th at pp. 326, 332.)

For the first community of interest factor, "[i]n order to determine whether common questions of fact predominate the trial court must examine the issues framed by the pleadings and the law applicable to the causes of action alleged." (*Hicks v. Kaufman & Broad Home Corp.* (2001) 89 Cal.App.4th 908, 916 (*Hicks*).) The court must also examine evidence of any conflict of interest among the proposed class members. (See *J.P. Morgan & Co., Inc. v. Superior Court* (2003) 113 Cal.App.4th 195, 215.) The ultimate question is whether the issues which may be jointly tried, when compared with those requiring separate adjudication, are so numerous or substantial that the maintenance of a class action would be good for the judicial process and to the litigants. (*Lockheed Martin Corp. v. Superior Court* (2003) 29 Cal.4th 1096, 1104–1105 (*Lockheed Martin*).) "As a general rule if the defendant's liability can be determined by facts common to all members of the class, a class will be certified even if the members must individually prove their damages." (*Hicks, supra,* 89 Cal.App.4th at p. 916.)

Here, common legal and factual issues predominate. Plaintiffs' claims all arise from Defendant's wage and hour practices (and others) applied to the similarly-situated class members.

As for the second factor, "[t]he typicality requirement is meant to ensure that the class representative is able to adequately represent the class and focus on common issues. It is only when a defense unique to the class representative will be a major focus of the litigation, or when the class representative's interests are antagonistic to or in conflict with the objectives of those she purports to represent that denial of class certification is appropriate. But even then, the court should determine if it would be feasible to divide the class into subclasses to eliminate the conflict and allow the class action to be maintained." (Medrazo v. Honda of North Hollywood (2008) 166 Cal. App. 4th 89, 99, internal citations, brackets, and quotation marks omitted.)

Like other members of the class, Plaintiffs were employed by Defendants as non-exempt, hourly-paid employees and allege that they experienced the violations at issue. The anticipated defenses are not unique to Plaintiffs, and there is no indication that Plaintiffs' interests are otherwise in conflict with those of the class.

Finally, adequacy of representation "depends on whether the plaintiff's attorney is qualified to conduct the proposed litigation and the plaintiff's interests are not antagonistic to the interests of the class." (*McGhee v. Bank of America* (1976) 60 Cal.App.3d 442, 450.) The class representative does not necessarily have to incur all of the damages suffered by each different class member in order to provide adequate representation to the class. (*Wershba, supra,* 91 Cal.App.4th at p. 238.) "Differences in individual class members' proof of damages [are] not fatal to class certification. Only a conflict that goes to the very subject matter of the litigation will defeat a party's claim of representative status." (*Ibid.*, internal citations and quotation marks omitted.)

Plaintiffs have the same interest in maintaining this action as any class member would have. Further, they have hired experienced counsel. Plaintiffs have sufficiently demonstrated adequacy of representation.

D. Substantial Benefits of Class Certification

"[A] class action should not be certified unless substantial benefits accrue both to litigants and the courts. . . ." (Basurco v. 21st Century Ins. (2003) 108 Cal.App.4th 110, 120, internal quotation marks omitted.) The question is whether a class action would be superior to individual lawsuits. (Ibid.) "Thus, even if questions of law or fact predominate, the lack of superiority provides an alternative ground to deny class certification." (Ibid.) Generally, "a class action is proper where it provides small claimants with a method of obtaining redress and when numerous parties suffer injury of insufficient size to warrant individual action." (Id. at pp. 120–121, internal quotation marks omitted.)

Here, there are an estimated 870 Class Members. It would be inefficient for the Court to hear and decide the same issues separately and repeatedly for each class member. Further, it would be cost prohibitive for each class member to file suit individually, as each member would have the potential for little to no monetary recovery. It is clear that a class action provides substantial benefits to both the litigants and the Court in this case.

VII. NOTICE

The content of a class notice is subject to court approval. (Cal. Rules of Court, rule 3.769(f).) "The notice must contain an explanation of the proposed settlement and procedures for class members to follow in filing written objections to it and in arranging to appear at the settlement hearing and state any objections to the proposed settlement." (*Ibid.*) In determining the manner of the notice, the court must consider: "(1) The interests of the class; (2) The type of relief requested; (3) The stake of the individual class members; (4) The cost of notifying class members; (5) The resources of the parties; (6) The possible prejudice to class members who do not receive notice; and (7) The res judicata effect on class members." (Cal. Rules of Court, rule 3.766(e).)

Here, the notice describes the lawsuit, explains the settlement, and instructs class members that they may opt out of the settlement (except for the PAGA component) or object. The gross settlement amount and estimated deductions are provided, and Class Members are informed of their qualifying workweeks as reflected in Defendant's records and are instructed how to dispute this information. Class members are given 45 days to request exclusion from the class or submit a written objection to the settlement.

The notice is generally adequate. Regarding appearances at the final fairness hearing, the notice shall be further modified to instruct class members as follows:

Although class members may appear in person, the judge overseeing this case encourages remote appearances. (As of August 15, 2022, the Court's remote platform is Microsoft Teams.)

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Class members who wish to appear remotely should contact class counsel at least three days before the hearing if possible. Instructions for appearing remotely are provided at https://www.scscourt.org/general_info/ra_teams/video_hearings_teams.shtml and should be reviewed in advance. Class members may appear remotely using the Microsoft Teams link for Department 7 (Afternoon Session) or by calling the toll free conference call number for Department 7.

Turning to the notice procedure, as articulated above, the parties have selected Atticus Administration, LLC as the settlement administrator. The administrator will mail the notice packet within 28 days of preliminary approval of the settlement, after updating Class Members' addresses using the National Change of Address Database. Any returned notices will be remailed to any forwarding address provided or a better address located through a skip trace or other search. Class Members who receive a re-mailed notice will have an additional 15 days to respond. These notice procedures are appropriate and are approved.

VIII. CONCLUSION

Plaintiffs' motion for preliminary approval is GRANTED. The final approval hearing shall take place on March 27, 2025 at 1:30 in Dept. 7. The following class is preliminarily certified for settlement purposes:

All SHC nurses who were paid on an hourly basis and who worked in California for SHC as (1) an operating nurse, (2) a peri-operative and/or post-operative nurse, or (3) a catheterization laboratory/endoscopy/interventional radiology/procedure room nurse from March 4, 2018 through April 13, 2024.

DATED: October 1, 2024

CHARLES F. ADAMS
Judge of the Superior Court