



SUPERIOR COURT OF SAN MATEO COUNTY

400 County Center
Redwood City, CA 94063

1050 Mission Road
South San Francisco, CA 94080
www.sanmateo.courts.ca.gov

800 North Humboldt Street
San Mateo, CA 94401

Minute Order

NORMA SANTIZO vs NEAL'S COFFEE SHOP, INC., a California corporation

24-CIV-03380

09/10/2025 2:00 PM
Motion for Preliminary
Approval of Class Settlement
Hearing Result: Held

Judicial Officer: Healy, Nicole S.
Courtroom Clerk: Erin Steffen

Location: Courtroom I
Courtroom Reporter:

Parties Present

Exhibits

Minutes

Journals

- Email received today stating Notice of Motin and unopposed Motion for Preliminary Approval filed today

Continued to March 26, 2026 at 2pm for final approval hearing

Case Events

- Tentative ruling adopted and becomes order:: MOTION FOR PRELIMINARY APPROVAL OF CLASS SETTLEMENT

TENTATIVE RULING:

tntPlaintiffs Norma Santizo and Mimi Lee (plaintiffs) have filed an amended unopposed motion (Motion) for (1) preliminary approval of class action settlement and PAGA allocation; (2) approval of the form and distribution of class notice materials; (3) appointment of third-party claims administrator Simpluris, Inc.; and (4) setting of a final settlement approval hearing.

In its August 13, 2025 tentative ruling, the court asked plaintiffs' counsel to address certain issues. Counsel has done so, and has made revisions to the Notice and Proposed Order. Accordingly, the court GRANTS the Motion for Preliminary Approval. Plaintiffs' counsel is directed to contact the court to obtain a date for the final approval hearing.

A. The Parties' Settlement

The parties have agreed to a gross settlement amount of \$1,175,000, with \$21,170 allocated to the PAGA settlement. According to the motion, there are an estimated 71 class members, of whom 39 are "aggrieved employees." Of the \$21,7000 allocated to the PAGA settlement, \$15,877.50 will be paid to the California Labor and Workforce Development Agency (LWDA), that is, 75% of the total. The

remaining \$5,292.50 shall be distributed among the aggrieved employees.

Plaintiffs' counsel, in consultation with their damages consultant, have estimated the total potential damages for the Class as \$2.47 million. Of this amount, plaintiffs have estimated damages, statutory penalties, and interest as approximately \$1,677,000 and PAGA penalties as approximately \$793,000. (Supplemental Declaration of Michelle G. Lee [Supp. Lee Decl.].) The Settlement therefore represents recovery of 47.6% of the estimated damages suffered by the Class. (Supp. MPA, at p. 2.)

After all court-approved deductions from the Maximum Settlement Amount, plaintiffs estimate that the resulting "Net Settlement Amount" to be distributed to the class will be \$715,163.33. In addition, the PAGA Payment of \$5,292.50 will be distributed to those Class Members who are also PAGA-eligible employees. The gross settlement payment to each Class Member is estimated to average approximately \$10,072, with an additional average payment of \$135.70 each to the PAGA-eligible employees. The settlement is non-reversionary, and 180 days after the mailing date any uncashed checks will be voided and the residue will be distributed to the cy pres designee, Legal Aid at Work. (Supp. MPA, at p. 2.)

B. Standards Governing Settlement Approval

In ruling on class action and PAGA settlements, this court has a duty to independently determine whether a settlement is fair, reasonable and adequate. (Moniz v. Adecco USA, Inc. (2021) 72 Cal.App.5th 56, 76 77, disapproved of on other grounds by Turrieta v. Lyft, Inc. (2024) 16 Cal.5th 66 [the "trial court should evaluate a PAGA settlement to determine whether it is fair, reasonable, and adequate in view of PAGA's purposes to remediate present labor law violations, deter future ones, and to maximize enforcement of state labor laws."]; Kullar v. Foot Locker Retail, Inc. (2008) 168 Cal.App.4th 116, 129 ["The court has a fiduciary responsibility as guardian [] of the rights of the absentee class members when deciding whether to approve a settlement agreement."]; In re Microsoft I-V Cases (2006) 135 Cal.App.4th 706, 723.)

Review of a proposed class action settlement typically involves a two-step process: preliminary approval and a subsequent final approval hearing. (Cellphone Termination Fee Cases (2009) 180 Cal.App.4th 1110, 1118; Cal. Rules of Court, 3.769; Code. Civ. Proc., 581, subd. (k).)

Precertification settlements in class actions should be scrutinized carefully. (Cho v. Seagate Technology Holdings, Inc. (2009) 177 Cal.App.4th 734, 743 (Cho).) This is accomplished through careful review by the trial court, and precertification settlements are routinely approved where they are found fair, adequate and reasonable. (Ibid.; see also Wershba v. Apple Computer, Inc. (2001) 91 Cal.App.4th 224, 240, disapproved of on other grounds by Hernandez v. Restoration Hardware, Inc. (2018) 4 Cal.5th 260.) "Due regard,' . . . 'should be given to what is otherwise a private consensual agreement between the parties. The inquiry "must be limited 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.'" (7-Eleven Owners for Fair Franchising v. Southland Corp. (2000) 85 Cal.App.4th 1135, 1145, quoting Dunk v. Ford Motor Co. (1996) 48 Cal.App.4th 1794, 1802 (Dunk) [further citations omitted].) The test is not whether the maximum amount is secured, but whether the settlement is reasonable under all circumstances. For example, a trial court does not abuse its discretion in approving a settlement when it found that the settlement was achieved at arm's length negotiation, including review of the mediator's declaration; the fact the case was vigorously litigated; plaintiff was represented by experienced counsel; the number of class members who objected or opted out was very small; and plaintiff faced considerable risk in proceeding to trial. (Cho, supra, at p. 745.)

The trial court possesses a broad discretion to determine the fairness of the settlement, a discretion exercised through the application of a handful of identified criteria. Both the federal circuit courts and our Court of Appeal have adopted a mix of relevant considerations, including "[1] the strength of plaintiffs' case, [2] the risk, expense, complexity and likely duration of further litigation, [3] the risk of maintaining class action status through trial, [4] the amount offered in settlement, [5] the extent of

discovery completed and the stage of the proceedings, [6] the experience and views of counsel, . . . and [7] the reaction of the class members to the proposed settlement." (Dunk, supra, 48 Cal.App.4th at p. 1801.) The list of factors is not exhaustive and "should be tailored to each case." (Ibid.) And "a presumption of fairness exists where: (1) the settlement is reached through arm's-length bargaining; (2) investigation and discovery are sufficient to allow counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is small." (Ibid.)

C. Plaintiffs Have Satisfied the Requirements for Approval of the PAGA Settlement and Preliminary Approval of the Class Action Settlement

While the court places reliance on counsel's opinion, the court "must also receive and consider enough information about the nature and magnitude of the claims being settled, as well as the impediments to recovery, to make an independent assessment of the reasonableness of the terms to which the parties have agreed." (Kullar, supra, 168 Cal.App.4th at p. 133.) "We do not suggest that the court should attempt to decide the merits of the case or to substitute its evaluation of the most appropriate settlement for that of the attorneys. However, as the court does when it approves a settlement as in good faith under Code of Civil Procedure, section 877.6, the court must at least satisfy itself that the class settlement is within the 'ballpark' of reasonableness." (Ibid., citing Tech-Bilt, Inc. v. Woodward-Clyde & Associates (1985) 38 Cal.3d 488, 499-500.) Further, "while the court is not to try the case, it is 'called upon to consider and weigh the nature of the claim, the possible defenses, the situation of the parties, and the exercise of business judgment in determining whether the proposed settlement is reasonable.'" (Ibid., quoting City of Detroit v. Grinnell Corp. [2nd Cir. 1974] supra, 495 F.2d [448] at p. 462.)

In this case, the memoranda of points and authorities and declaration of Michelle Lee, and the supplemental memoranda and declaration provide information regarding these factors.

The settlement was negotiated at arms-length. The parties engaged in formal discovery and participated in a mediation session facilitated by Jeffery Owensby, which resulted in a settlement in principle and a tentative agreement with key terms. (MPA, at p. 10; Declaration of Michelle Lee [Lee Decl.], 17.) The court finds that the settlement was negotiated at arms-length.

There appears to have been sufficient investigation and discovery and plaintiff's counsel is experienced in similar litigation. The parties engaged in discovery, including document production, although they have not stated whether the discovery was informal or formal; plaintiffs' counsel obtained a class list, and reviewed defendant's employee handbook and time-keeping data; and the parties exchanged other class-wide data. (MPA, at p. 11; Lee Decl., 21.) Plaintiff's counsel also has demonstrated experience in employment class actions. (Lee Decl., 25; Declaration of John T. Mullan, 5-23.)

Plaintiffs have shown that the settlement is within the ballpark of reasonableness. The settlement amount is \$1,170,000 for an estimated 71 class members. Plaintiff's counsel retained a damages consultant, Judy Yip, at Hemming Morse, to calculate potential damages. (Lee Decl., 16.) The total potential damages for the Class are estimated to be \$2.47 million. Of this amount, plaintiffs have estimated damages, statutory penalties, and interest as approximately \$1,677,000 and PAGA penalties as approximately \$793,000. (Supp. Lee Decl., 3.) The Settlement therefore represents recovery of 47.6% of the estimated damages suffered by the Class.

After all court-approved deductions from the Maximum Settlement Amount, plaintiffs estimate that the resulting "Net Settlement Amount" to be distributed to the class will be \$715,163.33. In addition, another \$5,292.50 - the PAGA Payment - will be distributed to those Class Members who are also PAGA-eligible employees. The gross settlement payment to each Class Member will average approximately \$10,072, with an additional average payment of \$135.70 each to the PAGA-eligible employees.

The Class Notice now states the compensable workweeks in the class period (5,333) and in the PAGA period (1,991), and notes that the employees' Individual Computation of Settlement Share Form provides your specific number of Compensable Workweeks based on Neal's Coffee Shop's records. (Supp. Lee Decl., 4.d.; Notice at p. 4, IV.D.)

Finally, the settlement is non-reversionary, and 180 days after the mailing date any uncashed checks will be voided and the residue will be distributed to the cy pres designee, Legal Aid at Work. (Supp. Lee Decl., 7.)

Plaintiffs aver that they have provided notice to the LWDA as required by Labor Code section 2699.3(a)(1)(A). (Lee Decl., 31.)

The parties have nominated Simpluris, Inc. as the third-party claims administrator, which has agreed to its retention. (Lee Decl., 29.) Simpluris is experienced in settlement administration and will administer the settlement for a fixed fee of \$7,000, unless the class size is greater than 71 individuals as currently estimated, in which case it may seek a fee adjustment. (Declaration of Michael Bui, 2-4, 9.)

The court finds that the allocation of the settlement between the Class Members and PAGA-eligible employees is fair and reasonable. (Nordstrom Com. Cases (2010) 186 Cal.App.4th 576, 589 [finding no abuse of discretion to allocate nothing to PAGA in a PAGA/class settlement].) Further, the LWDA has been provided notice of the settlement and has not objected.

Plaintiffs show that for settlement purposes, class certification is appropriate.

Numerosity/Ascertainability: Plaintiffs have demonstrated that the class is numerous and ascertainable. Plaintiffs define the class according to objective criteria, and state that the class members are identifiable from official records. The class consists of approximately 71 individuals, making joinder impracticable. The court finds that the numerosity and ascertainability criteria have been met.

Commonality: Common issues predominate over whether defendant violated wage and hour laws.

Superiority: The court finds the superiority requirement satisfied because of the benefits and efficiencies of this proposed settlement, when compared to continued litigation of the case on either a class basis or through multiple individual lawsuits.

Typicality: Plaintiffs represent that their claims are the same as those of the class members they seek to represent and the court agrees.

Adequacy of Representation: Plaintiffs met their burden to demonstrate that they do not have any disabling conflicts and plaintiffs' counsel is adequate to represent the class.

The court will decide attorneys' fees, costs, and incentive awards at a hearing based upon a noticed motion, which will be heard on the same date as the hearing on final approval. The motion shall be filed no later than 14 days before the deadline for class members to object to the settlement or request exclusion from the class. The court will consider service awards of up to \$5,000 for each named plaintiff.

Plaintiffs' counsel intends to seek an award of attorneys' fees and costs of up to \$391,666.66, which represents (one-third of the Maximum Payment. (Supp. MPA., at p. 3.) Plaintiff's counsel is to submit evidence supporting the requested fees and expenses. For the attorneys' fees award, counsel shall provide sufficient evidence so that the court can perform a lodestar cross-check, including either billing records or comparable evidence, including which attorneys or support staff worked on each task, support for the hourly rate as reasonable in San Mateo County, and evidence, if any, supporting an award of a multiplier. Plaintiffs shall sufficiently identify their costs, so that the court can determine their reasonableness. For the service award, the class representative must submit a declaration with specific facts regarding their contribution; general statements are insufficient. (Clark v. American Residential Services LLC (2009) 175 Cal.App.4th 785, 805.) If either of the named plaintiffs has any specific claim that is consideration for any general release or asserts specific reputational harm, plaintiffs shall identify these matters for the court. Some of this information has already been provided, but should also be provided in the motion for attorneys' fees, costs and service award.

Others

Comments:

Future Hearings and Vacated Hearings

Rescheduled: September 10, 2025 2:00 PM Motion for Preliminary Approval of Class Settlement

Reason: Court's motion

Healy, Nicole S.

Courtroom I

March 25, 2026 2:00 PM Motion for Approval

Healy, Nicole S.

Courtroom I