### **CIVIL MINUTES - GENERAL**

Case No.	LA CV21-06732 J	AK (ASx)		Date	February 2, 2024		
Title	Kevin Murphy v. F	Kevin Murphy v. Fusion Learning, Inc., et al.					
Present: T	he Honorable	JOHN A. KRONSTA	ADT, UNITED STATE	ES DIS	TRICT JUDGE		
	T. Jackson		N	ot Repo	orted		
	Deputy Clerk		Court R	eporter	/ Recorder		
Α	ttorneys Present for	· Plaintiffs:	Attorneys F	Present	for Defendants:		
Not Present				Not Pre	esent		

Proceedings: (IN CHAMBERS) ORDER RE PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION (DKT. 49)

### I. <u>Introduction</u>

On July 8, 2021, Kevin Murphy ("Murphy") brought this PAGA representative action, as an individual and on behalf of all other aggrieved employees, against Fusion Learning, Inc. ("Fusion"), Peter Ruppert ("Ruppert") and Does 1 through 50, in the Los Angeles Superior Court. Dkt. 1. The complaint alleges a single cause of action for civil penalties under the Private Attorneys General Act ("PAGA"), Cal. Lab. Code § 2698, et seq. Dkt. 1-1 at 16. On August 19, 2021, Fusion removed the action (2:21-CV-06732-JAK-AS ("Murphy I")) on the basis of diversity jurisdiction. Dkt. 1. On August 25, 2021, Murphy filed a notice of voluntary dismissal. Dkt. 14. On December 27, 2021, pursuant to a stipulation between the parties, the matter was re-opened only as to defendant Fusion. Dkt. 17.

On April 14, 2022, Murphy filed a putative class action in the Los Angeles Superior Court against Fusion, Danielle Ryckman ("Ryckman") and Does 1 through 100. No. 2:22-cv-04497-JAK-AS ("Murphy II"), Dkt. 1. The Complaint advances nine causes of action: (1) failure to pay straight and overtime compensation; (2) failure to provide meal periods; (3) failure to authorize and permit rest periods; (4) failure to keep accurate payroll records; (5) failure to pay waiting time penalties; (6) failure to pay wages upon termination (Cal. Lab. Code § 1174(d)); (7) failure to pay wages upon termination (Cal. Lab. Code §§ 2800 and 2802); (8) failure to pay minimum wages; and (9) unfair competition. Dkt. 1-1 ¶¶ 38–112. On June 30, 2022, Fusion and Ryckman removed the action pursuant to the Class Action Fairness Act ("CAFA"). Murphy II, Dkt. 1 ¶ 11.

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On November 9, 2023, Murphy filed a Motion for Preliminary Approval of Class Action Settlement (the "Motion" (Dkt. 49)). The Motion seeks the following:

- 1. Preliminary certification of the proposed Settlement Class;
- Preliminary approval of the Murphy I and Murphy II settlement based upon the terms set forth in the Class Action and PAGA Settlement Agreement and Class Notice ("Settlement Agreement");
- 3. Preliminary appointment of plaintiffs Murphy, Gabriel Schwartz ("Schwartz"), Marc Brewer ("Brewer"), and Garrison Moreno ("Moreno") as class representatives (collectively, "Putative Class Representatives")
- 4. Preliminary appointment of Haig B. Kazandjian and Cathy Gonzalez of Haig B. Kazandjian Lawyers, APC, and Fletcher W. Schmidt and Matthew K. Moen of Haines Law Group, APC, as Class Counsel;
- 5. Appointment of CPT Group, Inc. as the third-party settlement administrator ("Settlement Administrator");
- 6. Approval of the proposed Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval ("Proposed Notice"); and
- 7. Scheduling of a hearing to determine final approval of the Settlement Agreement, entry of a proposed final judgment and Plaintiffs' counsel's Motion for Attorney's Fees, Costs, and Class Representative

Dkt 49 at 2.

On November 20, 2023, Fusion filed a Notice of Non-Opposition to the Motion. Dkt. 50. A hearing on the Motion was held on January 8, 2024, at which the parties were directed to file certain additional materials. Dkt. 55. On January 10, 2024, Murphy filed supplemental materials in support of the request for attorney's fees in the Motion. Dkt. 56. On January 19, 2024, the parties filed a statement proposing a schedule, in the event that the Motion is approved, for class notice and an anticipated motion for final approval. Dkt. 57.

On January 19, 2024, the parties also filed a Joint Stipulation for Leave to File First Amended Complaint (the "Stipulation" (Dkt. 58)). It was approved on January 29, 2024, consolidating *Murphy I* and *Murphy II* for the purposes of settlement approval, dismissing defendant Ryckman without prejudice and granting leave for Murphy to file the First Amended Complaint ("FAC" (Dkt. 61)). Dkt. 60. The FAC adds Gabriel Schwartz ("Schwartz"), Marc Brewer ("Brewer") and

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Garrison Moreno ("Moreno") as named plaintiffs and proposed class representatives. FAC at 1. The named Defendants in the FAC are Fusion and Does 1-50 (collectively, "Defendants"). *Id.* 

A further hearing on the Motion was held on January 29, 2024, to address the newly filed materials as well the proposed schedule following the anticipated order granting the Motion, and the matter was taken under submission. For the reasons stated in this Order, the Motion is **GRANTED**.

#### II. Background

#### A. The Parties

It is alleged that Murphy resides in California and was employed by Fusion from on or about December 2019 until on or about March 2021. FAC ¶ 2. It is alleged that Schwartz resides in California and was employed by Fusion from on or about January 2020 until on or about July 2022. *Id.* ¶ 3. It is alleged that Brewer resides in California and was employed by Fusion from on or about August 2015 until on or about August 2019. *Id.* ¶ 4. It is alleged that Moreno resides in California and was employed by Fusion from on or about January 2022 until on or about July 2022. *Id.* ¶ 5. It is alleged that each of Plaintiffs is more than 18 years old and worked as non-exempt hourly employees. *Id.* ¶ 13–14. Plaintiffs bring this action as individuals on behalf of themselves, all others similarly situated and all other aggrieved employees. *Id.* at 2.

It is alleged that Fusion is a Delaware corporation, and that it is licensed to do business, and is doing business, in California. *Id.*  $\P$  15. It is alleged that Fusion operates a private, alternative school for grades 6–12 in California. *Id.*  $\P$  17.

#### B. Allegations in the FAC

The FAC alleges that Defendants violated Cal. Lab. Code §§1194, et seq., §1197, §§200 et seq., §§500 et seq., Cal. Bus. & Prof. Code §§17000 et seq. and §§17200, et seq., the applicable Wage Order(s) issued by the California Industrial Welfare Commission ("IWC Wage Order(s)") and related common law standards. Id. ¶ 6.

It is alleged that Defendants failed to provide employment records to Murphy and other employees on a timely basis. *Id.* ¶ 54. It is alleged that Defendants consistently required Plaintiffs to work more than eight hours per day and forty hours per week without paying overtime. *Id.* ¶ 56. It is alleged that Plaintiffs were entitled to rest and meal break periods but were not provided with them by Defendants. *Id.* ¶¶ 59–60. It is alleged that Plaintiffs were required to work off-the-clock before and/or after their scheduled work shifts, and/or during rest

<sup>&</sup>lt;sup>1</sup> Murphy, Schwartz, Brewer and Moreno are referred to in this Order collectively as "Plaintiffs."

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breaks, and/or during meal breaks and were not paid minimum wage for this time. Id. ¶ 65.

It is alleged that Defendants frequently told Plaintiffs to report to work but then did not have them work or had them do so for less than half a day. *Id.* ¶ 73. It is alleged that Defendants failed to provide payment for one hour of work at the applicable minimum wage when Plaintiffs worked a "split shift" as required by law. *Id.* ¶ 75.

It is alleged that as a result of the foregoing, Defendants failed to pay to its employees all wages due. *Id.* ¶ 77. It is alleged that Defendants also willfully failed to maintain accurate payroll records. *Id.* ¶ 71. It is alleged that Defendants used "an 'auto-deduct' system whereby thirty (30) minutes were automatically deducted from the hours worked" of class members whether a 30 minute off-duty meal period was actually provided or taken. *Id.* ¶ 122. It is further alleged that Defendants "utilized improper rounding policies and practices which resulted in the under payment of wages." *Id.* ¶ 123. It is alleged that Defendants willfully failed to make timely payment of amounts owed to employees upon termination. *Id.* ¶ 80. It is alleged that Defendants failed to reimburse Plaintiffs for business-related expenses. *Id.* ¶ 82. It is alleged that Defendants failed to furnish paid sick leave on itemized wage statements. *Id.* ¶ 84.

### III. Summary of Settlement Agreement and Notice

A. Class Definition

The Settlement Agreement defines the "Class Members" and "Class" as follows:

[A] member of the class conditionally certified for settlement purposes only during the applicable Class Period as defined in ¶ 1.12, as the period from April 14, 2018 through June 2, 2023, consisting of all current and former non-exempt employees who worked for Defendant Fusion Learning, Inc. in California at any time during the Class Period.

Dkt. 49-2 at 21 ¶ 1.5.

Accordingly, the period from April 14, 2018 through June 2, 2023, is defined as the "Class Period." *Id.* at  $22 \, \P \, 1.12$ .

The Settlement Agreement defines PAGA "Aggrieved Employees" as "all current and former non-exempt employees who were employed by Defendant in the State of California at any time during the 'PAGA Period,' defined in ¶ 1.30 herein. *Id.* at 21 ¶ 1.4. The period of April 29, 2020 through June 2, 2023 is defined as the "PAGA Period." *Id.* at 23 ¶ 1.32.

#### B. Gross Fund and Deductions

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#### 1. Gross Settlement Amount

The Settlement Agreement provides for the payment by Defendants of a "Gross Settlement Amount" of 1,250,000.00. Dkt. 49-2 at 26 ¶ 3.1. The Defendants are also obligated to pay all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. *Id.* 

### 2. Deductions from Gross Settlement Amount

#### a) Overview

The parties' proposed maximum deductions from the Gross Settlement Amount are summarized in the following table:

Description of Amount	An	nount	Percent
Gross Settlement Amount	\$	1,250,000.00	100%
Class Representative Service Payments	\$	(25,000.00)	2%
Class Counsel Fees Payment	\$	(416,666.66)	33%
Class Counsel's Litigation Expenses	\$	(60,000.00)	5%
Administrator Expenses Payment	\$	(14,500.00)	1%
PAGA Penalties	\$	(50,000.00)	4%
Net Settlement Amount	\$	683,833.34	55%

See id. at 26-28.

### b) Class Representative Service Payments

The Settlement Agreement provides for Class Representative Service Payments of not more than \$10,000.00 to Murphy, and of not more than \$5000 to Schwartz, Brewer and Moreno. *Id.* at 26 ¶ 3.2.1. These are in addition to any Individual Class Payments, and any Individual PAGA Payments, that the Class Representatives are entitled to receive as a Participating Class Members. *Id.* 

### c) Class Counsel Fees and Litigation Expenses

The Settlement Agreement provides for an award of attorney's fees of not more than 33.33% of the Gross Settlement Amount, which is currently estimated as \$416,666.66, and a payment of costs incurred by Class Counsel of not more than \$60,000.00. *Id.* at 27 ¶ 3.2.2. It provides that Plaintiffs and/or Class Counsel will file a "Motion for Class Counsel Fees Payment and Class Litigation Expenses Payment," prior to the Final Approval Hearing. *Id.* 

#### d) Administrator Expenses Payment

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The Settlement Agreement provides for an Administrator Expenses Payment not to exceed \$14,500.00 except for a showing of good cause and as approved by the Court. *Id.* at 27 ¶ 3.2.3.

#### e) PAGA Penalties

The Settlement Agreement provides for PAGA Penalties in the amount of \$50,000.00 to be paid from the Gross Settlement Amount, with 75% (\$37,500) allocated to the LWDA PAGA Payment and 25% (\$12,500) allocated to the Individual PAGA Payments. *Id.* at 28 ¶ 3.2.5.

Each Individual PAGA Payment to the Aggrieved Employees will be calculated as follows: (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties \$12,500.00 by the total number of PAGA Period Hours Worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Hours Worked. *Id.* 

PAGA Period Hours Worked includes "any time during which an Aggrieved Employee worked for Defendant for at least one hour, or portion [thereof], during the PAGA Period." *Id.* at 23 ¶ 1.31.

#### 3. Calculation of Individual Class Payments

The Settlement Agreement provides for the distribution of the Net Settlement Amount through Individual Class Payments as follows: (a) dividing the Net Settlement Amount by the total number of Hours Worked by all Participating Class Members during the Class Period; and (b) multiplying the result by each Participating Class Member's total Hours Worked. *Id.* at 27 ¶ 3.2.4.

"Class Hours Worked" means any time, during which a Class Member worked for Defendant Fusion Learning, Inc. for at least one hour, or portion thereof, during the Class Period. *Id.* at 25 ¶ 1.47.

The Settlement Agreement provides that 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"), which are subject to tax withholding and will be reported on an IRS W-2 Form, and the remaining 80% will be allocated to settlement of claims, e.g., interest and penalties (the "Non-Wage Portion"), which are not subject to wage withholdings and will be reported on IRS 1099 Forms. *Id.* at 27 ¶ 3.2.4.

The Settlement Agreement provides that Non-Participating Class Members will not receive any Individual Class Payments, and amounts equal to those payments will be retained for distribution to Participating Class Members on a pro rata basis. *Id.* 

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### C. Notice and Payment Plan

#### 1. In General

The Settlement Agreement provides a process for notifying Class Members of the settlement. *Id.* at 33–34. No later than 15 days after the Preliminary Approval of the Settlement is granted, Defendants will simultaneously deliver Class Data to the Settlement Administrator. *Id.* at 28 ¶ 4.2. The Class Data includes identifying information in Defendant's possession, e.g., each Class Member's name, last-known mailing address, Social Security number and number of Class Period Hours Worked and PAGA Period Hours Worked. *Id.* at 21–22 ¶ 1.8.

No later than 14 days after receipt of the Class Data, the Settlement Administrator will send the "Class Notice" to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail. *Id.* at 32  $\P$  8.4.2. A copy of the Proposed Class Notice is attached to the Settlement Agreement. *Id.* at 44, Ex. A.

### 2. <u>Contents of the Proposed Notice</u>

The Proposed Notice is titled "Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval." *Id.* It provides an overview of the proceedings, the Class Settlement and PAGA Settlement, and estimates the payment that the individual would receive based upon Defendants' records of the hours worked. *Id.* at 45. It describes the legal rights and options that Class Members have with respect to each of the settlements and the process for objecting or opting-out. *Id.* at 46. It also describes a process for those who would like to challenge the calculation of their hours worked. *Id.* at 47. It also includes information about the Final Approval Hearing and that it is open to the public. *Id.* at 53. Finally, it includes contact information and a link to a website where more information is available. *Id.* at 53–54.

### 3. Opt-outs, Challenges to Payments and Objections

To opt out of the Settlement, Class Members must send the Settlement Administrator "by fax, email, or mail, a signed written Request for Exclusion not later than 60 days after the [Settlement Administrator] mails the Class Notice (plus an additional 15 days for Class Members whose Class Notice is re-mailed)." *Id.* at 33 ¶ 8.5.1. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. *Id.* at 34 ¶ 8.5.4. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims in the same manner as other Aggrieved Employees but are eligible for an Individual PAGA Payment. *Id.* 

The Settlement Administrator shall accept any Request for Exclusion as valid if they can

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reasonably ascertain the identity of the person as a Class Member and their desire to be excluded. *Id.* at  $33 \, \P \, 8.5.2$ .

Each Class Member shall also have 60 days after the Settlement Administrator mails the Class Notice (plus an additional 15 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Hours Worked and PAGA Hours Worked (if any) allocated to the Class Member in the Class Notice. *Id.* at 34 ¶ 8.6.

To object, Participating Class Members may send written objections to the Administrator, by fax, email, or mail not later than 60 days after the Administrator's mailing of the Class Notice (plus an additional 15 days for Class Members whose Class Notice was re-mailed). *Id.* at 34 ¶ 8.7.2. Alternatively, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present objections at the Final Approval Hearing. *Id.* 

#### D. Release of Claims

The Settlement Agreement provides for the release of claims effective on the date on which the Gross Settlement Amount is fully funded by Defendants and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments are paid. *Id.* at 30 ¶ 6. The release of claims is as to the "Released Parties," who are defined as "Defendants and each of its former and present directors, officers, shareholders, owners, members, managers, managing agents, attorneys, insurers, predecessors, successors, assigns subsidiaries, and affiliates." *Id.* at 24 ¶ 1.43.

Plaintiffs, and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, agree to "release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint and Plaintiff's PAGA Notice." *Id.* at 30 ¶ 6.1. Plaintiffs also expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code. *Id.* at 30 ¶ 6.2.

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release the Released Parties from liability for any claims based on the factual allegations set forth, or which could have been plead, in the Operative Complaint, "including but not limited to claims for minimum wage violations, overtime wage violations, meal period violations, rest period violations, violations of Labor Code section 2802, waiting time penalties, wage statement violations, violations of the California Business and Professions Code section 17200, et seq., that arose during the Class Period . . ." *Id.* at 30 ¶ 6.3.

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All Aggrieved Employees, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release the Released Parties "... from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and Plaintiff's PAGA Notice . . ." Id. at 31 ¶ 6.4.

#### IV. **Analysis**

#### A. Class Certification

#### 1. Legal Standards

The first step in considering whether preliminary approval of the Settlement Agreement should be granted is to determine whether a class can be certified. "[T]he Ninth Circuit has taught that a district court should not avoid its responsibility to conduct a rigorous analysis because certification is conditional: Conditional certification is not a means whereby the District Court can avoid deciding whether, at that time, the requirements of the Rule have been substantially met." Arabian v. Sony Elecs., Inc., No. 05-CV-1741 WQH (NLS), 2007 WL 627977, at \*2 n.3 (S.D. Cal. Feb. 22, 2007) (quoting *In re Hotel Tel. Charges*, 500 F.2d 86, 90 (9th Cir. 1974)). "When, as here, the parties have entered into a settlement agreement before the district court certifies the class, reviewing courts 'must pay "undiluted, even heightened, attention" to class certification requirements.' " Staton v. Boeing Co., 327 F.3d 938, 952-53 (9th Cir. 2003) (quoting Hanlon v. Chrysler Corp., 150 F.3d 1011, 1019 (9th Cir. 1998), overruled on other grounds by Wal-Mart Stores, Inc. v. Dukes, 564 U.S. 338 (2011)).

That the parties have reached a settlement "is relevant to a class certification." Amchem Prods., Inc. v. Windsor, 521 U.S. 591, 619 (1997). Consequently, when

Iclonfronted with a request for settlement-only class certification, a district court need not inquire whether the case, if tried, would present intractable management problems for the proposal is that there be no trial. But other specifications of the Rule—those designed to protect absentees by blocking unwarranted or overbroad class definitions—demand undiluted, even heightened, attention in the settlement context. Such attention is of vital importance, for a court asked to certify a settlement class will lack the opportunity, present when a case is litigated, to adjust the class, informed by the proceedings as they unfold.

Id. at 620 (internal citations omitted). "In the context of a request for settlement-only class certification, the protection of absentee class members takes on heightened importance."

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Gallego v. Northland Grp. Inc., 814 F.3d 123, 129 (2d Cir. 2016) (citing Amchem Prods., 521 U.S. at 620).

The first step for assessing potential class certification is to determine whether the proposed class meets each of the requirements of Fed. R. Civ. P. 23(a). *Dukes*, 564 U.S. at 350–51; *Hanon v. Dataproducts Corp.*, 976 F.2d 497, 508 (9th Cir. 1992). These are: (1) numerosity; (2) commonality; (3) typicality; and (4) adequacy of representation. Fed. R. Civ. P. 23(a)(1)–(4). Further, "Rule 23 does not set forth a mere pleading standard. A party seeking class certification must affirmatively demonstrate his compliance with the Rule—that is, he must be prepared to prove that there are in fact sufficiently numerous parties, common questions of law or fact, etc." *Dukes*, 564 U.S. at 350. If these four prerequisites are met, the proposed class must meet one of the requirements of Fed. R. Civ. P. 23(b). *Valentino v. Carter-Wallace, Inc.*, 97 F.3d 1227, 1234 (9th Cir. 1996). Plaintiffs rely on Rule 23(b)(3). *See* Dkt. 49 at 32. It provides, in relevant part, that a class proceeding "may be maintained" if "questions of law or fact common to class members predominate over any questions affecting only individual members, and . . . a class action is superior to other available methods for fairly and efficiently adjudicating the controversy." Fed. R. Civ. P. 23(b)(3).

#### 2. Application

a) Rule 23(a) Requirements

### (1) <u>Numerosity</u>

Rule 23(a)(1) requires that a class must be "so numerous that joinder of all members is impracticable." Fed. R. Civ. P. 23(a)(1). "'[I]mpracticability' does not mean 'impossibility,' but only the difficulty or inconvenience of joining all members of the class." *Harris v. Palm Springs Alpine Ests., Inc.*, 329 F.2d 909, 913–14 (9th Cir. 1964) (quoting *Advert. Specialty Nat'l Ass'n v. FTC*, 238 F.2d 108, 119 (1st Cir. 1956)). Although there is no specific numeric requirement, courts generally have found that a class of at least 40 members is sufficient. *See Rannis v. Recchia*, 380 F. App'x 646, 651 (9th Cir. 2010); *In re Cooper Cos. Inc. Sec. Litig.*, 254 F.R.D. 628, 634 (C.D. Cal. 2009).

There are approximately 1280 putative Settlement Class Members, based upon data provided by Defendants. Dkt. 49-2 at 28 ¶ 4.1. This is sufficient to satisfy the numerosity requirement.

#### (2) Commonality

Rule 23(a)(2) provides that a class may be certified only if "there are questions of law or fact common to the class." Fed. R. Civ. P. 23(a)(2). Commonality requires a showing that the "class members 'have suffered the same injury,' " *Dukes*, 564 U.S. at 349–50 (quoting *Gen. Tel. Co. of Sw. v. Falcon*, 457 U.S. 147, 157 (1982)), and "does not mean merely that they have all

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suffered a violation of the same provision of law." *Id.* at 350. The class claims must "depend upon a common contention" that is "of such a nature that it is capable of classwide resolution—which means that determination of its truth or falsity will resolve an issue that is central to the validity of each one of the claims in one stroke." *Id.* 

"Rule 23(a)(2) has been construed permissively. All questions of fact and law need not be common to satisfy the rule." *Hanlon*, 150 F.3d at 1019. In assessing commonality, "even a single common question will do." *Dukes*, 564 U.S. at 359 (internal quotation marks omitted). In general, the commonality element is satisfied where the action challenges "a system-wide practice or policy that affects all of the putative class members." *Armstrong v. Davis*, 275 F.3d 849, 868 (9th Cir. 2001), *abrogated on other grounds by Johnson v. California*, 543 U.S. 499 (2005).

The claims of the proposed Settlement Class Members raise common questions of fact arising from their employment by Defendants and "Defendants' allegedly unlawful timekeeping policies/practices, uniform meal and rest period policies and practices, uniform reimbursement practice, and derivative waiting time, wage statement and PAGA penalties." Dkt. 49 at 30. The claims also present common of questions of law, e.g., whether Defendants' policies and practices violated the California Labor Code, the UCL, various IWC Wage Orders and PAGA. Therefore, the commonality requirement is satisfied.

#### (3) Typicality

The next issue is whether the "representative claims are 'typical,' " i.e., "if they are reasonably co-extensive with those of absent class members." *Hanlon*, 150 F.3d at 1020. Representative claims "need not be substantially identical." *Id.* The test for typicality is whether "other members have the same or similar injury, whether the action is based on conduct which is not unique to the named plaintiffs, and whether other class members have been injured by the same course of conduct." *Hanon*, 976 F.2d at 508 (quoting *Schwartz v. Harp*, 108 F.R.D. 279, 282 (C.D. Cal. 1985)). Like commonality, typicality is construed permissively. *Hanlon*, 150 F. 3d at 1020. The commonality and typicality requirements of Rule 23(a) tend to merge. *Dukes*, 564 U.S. at 349 n.5.

The typicality requirement is met. Plaintiffs, as former non-exempt employees of Defendants during the relevant time period in California, would have been subjected to Defendants' allegedly unlawful wage and hour policies/practices for the Class Period alleged in the FAC. Therefore, Plaintiffs have been affected by the same challenged policies that allegedly injured the Settlement Class. Dkt. 49 at 31.

### (4) Adequacy of Lead Plaintiffs and Class Counsel

Rule 23(a)(4) requires that the "representative parties will fairly and adequately protect the

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interests of the class." Fed. R. Civ. P. 23(a)(4). "Resolution of two questions determines legal adequacy: (1) do the named plaintiffs and their counsel have any conflicts of interest with other class members and (2) will the named plaintiffs and their counsel prosecute the action vigorously on behalf of the class?" *Hanlon*, 150 F.3d at 1020. "Adequate representation depends on, among other factors, an absence of antagonism between representatives and absentees, and a sharing of interest between representatives and absentees." *Ellis v. Costco Wholesale Corp.*, 657 F.3d 970, 985 (9th Cir. 2011). "Adequacy of representation also depends on the qualifications of counsel." *Sali v. Corona Reg'l Med. Ctr.*, 909 F.3d 996, 1007 (9th Cir. 2018) (citing *In re N. Dist. of Cal., Dalkon Shield IUD Prods. Liab. Litig.*, 693 F.2d 847, 855 (9th Cir. 1982), *abrogated on other grounds by Valentino*, 97 F.3d 1227 (9th Cir. 1996)). "[T]he named representative's attorney [must] be qualified, experienced, and generally capable to conduct the litigation . . . " *Id.* (quoting *Jordan v. L.A. Cnty.*, 669 F.2d 1311, 1323 (9th Cir.), *vacated on other grounds by* 459 U.S. 810 (1982)).

There is no showing that Plaintiffs or Plaintiffs' counsel have any conflicts of interest with any Class Members. It has been represented that Plaintiffs' counsel "diligently litigated this case and undertook an extensive analysis of the claims and potential damages." Dkt. 49 at 31–32. Plaintiffs and their counsel "understand their obligations to the putative Class Members and will vigorously, adequately, and fairly represent the interests of the Class." Dkt. 49-4 at 3, Kazandjian Declaration ¶ 4.

Plaintiffs' counsel has extensive experience in wage and hour class litigation. *See id.* at 32. Fletcher W. Schmidt, a partner of Haines Law Group, APC ("Haines Law"), declares that he has been practicing since 2013, and has "been solely devoted to litigating plaintiff-side wage and hour class actions in California state and federal court." Dkt. 49-3 at 2, Schmidt Declaration ¶ 3. He declares that he currently manages a caseload of over 75 class actions in which he is "integrally involved in all aspects of the litigation." *Id.* Matthew K. Moen, a senior associate with Haines, declares that his practice since 2016 has also "been solely devoted to litigating plaintiff-side employment related cases in both state and federal court" and that he is currently staffed on over 30 active wage and hour class actions. Dkt. 49-2 at 2, Moen Declaration ¶ 4.

Haig B. Kazandjian, the founder and principal of the Law Offices of Haig B. Kazandjian ("HBK Lawyers"), declares that he has been practicing in California since December 2011, is "well-experienced in wage-and-hour class action litigation as well as PAGA litigation" and has acted as lead counsel in 50 cases which gained final approval. Dkt. 49-4 at 3, Kazandjian Declaration ¶¶ 3, 5. Cathy Gonzalez, an attorney with HBK Lawyers, declares that she has been practicing since 2016 and since joining this office, has been "closely involved in a significant number of wage and hour class and representative matters from inception through final approval" and provides a sample of 24 cases approved by courts in which she has been substantively involved. Dkt. 49-5 at 2, Gonzalez Declaration ¶¶ 2, 4.

For the foregoing reasons, the adequacy requirement is met for the purposes of conditional

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certification of the Class.

b) Rule 23(b)(3) Requirements

### (1) <u>Predominance</u>

"The Rule 23(b)(3) predominance inquiry tests whether proposed classes are sufficiently cohesive to warrant adjudication by representation." Amchem Prods., 521 U.S. at 623. The predominance analysis assumes that the Rule 23(a)(2) commonality requirement has already been established, Hanlon, 150 F.3d at 1022, and "focuses on whether the 'common questions present a significant aspect of the case and they can be resolved for all members of the class in a single adjudication," In re Hyundai & Kia Fuel Econ. Litig., 926 F.3d 539, 557 (9th Cir. 2019) (quoting Hanlon, 150 F.3d at 1022). "An individual question is one where 'members of a proposed class will need to present evidence that varies from member to member.' while a common question is one where 'the same evidence will suffice for each member to make a prima facie showing [or] the issue is susceptible to generalized, class-wide proof.' " Tyson Foods, Inc. v. Bouaphakeo, 577 U.S. 442, 453 (2016) (quoting 2 William Rubenstein, Newberg on Class Actions § 4:50, at 196-97 (5th ed. 2012)). Where the issues of a case "require the separate adjudication of each class member's individual claim or defense, a Rule 23(b)(3) action would be inappropriate." Zinser v. Accufix Rsch. Inst., Inc., 253 F.3d 1180, 1189 (9th Cir. 2001) (quoting 7A Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, Federal Practice and Procedure § 1778 at 535-39 (2d ed. 1986)).

"Predominance is not, however, a matter of nose-counting. Rather, more important questions apt to drive the resolution of the litigation are given more weight in the predominance analysis over individualized questions which are of considerably less significance to the claims of the class." *Torres v. Mercer Canyons Inc.*, 835 F.3d 1125, 1134 (9th Cir. 2016) (internal citations omitted). "Therefore, even if just one common question predominates, 'the action may be considered proper under Rule 23(b)(3) even though other important matters will have to be tried separately." *In re Hyundai*, 926 F.3d at 557–58 (quoting *Tyson Foods, Inc.*, 577 U.S. at 453).

Further, the requirements of Fed. R. Civ. P. 23(b)(3) "must be considered in light of the reason for which certification is sought—litigation or settlement . . . ." *Id.* at 558. A class may be certifiable for settlement even though it "may not be certifiable for litigation" where "the settlement obviates the need to litigate individualized issues that would make a trial unmanageable." *Id.* 

Plaintiffs' claims are based on common practices and policies that Defendants allegedly applied to all non-exempt California employees. Common questions predominate over any individual issues presented. Although individual awards would be calculated separately based on the number of hours worked by each Class Member, "damage calculations alone cannot defeat certification." *Levya v. Medline Indus. Inc.*, 716 F.3d 510, 513 (9th Cir. 2013); see also Jimenez

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v. Allstate Ins. Co., 765 F.3d 1161, 1167–68 (9th Cir. 2014). "[A]s long as an efficient mechanism exists to calculate damages on a class-wide basis, the existence of potential individualized damages will not defeat the predominance requirement." Aichele v. City of L.A., 314 F.R.D. 478, 496 (C.D. Cal. 2013). Here, the proposed method of multiplying a per-hour measure by the number of hours worked for each Class Member is sufficient to support certification. For these reasons, the predominance requirement is satisfied.

### (2) Superiority

Rule 23(b)(3) requires a showing that "a class action is superior to other available methods for fairly and efficiently adjudicating the controversy." Fed. R. Civ. P. 23(b)(3). This issue is evaluated by considering the following factors: "(A) the class members' interests in individually controlling the prosecution or defense of separate actions; (B) the extent and nature of any litigation concerning the controversy already begun by or against class members; (C) the desirability or undesirability of concentrating the litigation of the claims in the particular forum; and (D) the likely difficulties in managing a class action." *Id*.

The benefits of resolving the claims at issue through a class action are substantial. Individual prosecution of Plaintiffs' claims would be impractical "because the cost of litigating a single case would likely exceed the potential return." *In re Brazilian Blowout Litigation*, Case No. CV10-8452-JFW (MANx), 2011 WL 10962891 at \*9 (C.D. Cal. Apr. 12, 2011). There is no showing of any other litigation between Class Members and Defendants. Given that all Class Members worked in California, proceeding in this District is appropriate. Nothing in the record suggests that the management of this action will present unique or difficult issues. For these reasons, the class action is superior to any other method for fairly and efficiently adjudicating this controversy.

For these reasons, the factors presented by Fed. R. Civ. P. 23(b)(3) support certification of a settlement class as the superior means to resolve this action.

#### B. Preliminary Approval of the Settlement Agreement

#### 1. Legal Standards

Fed. R. Civ. P. 23(e) requires a two-step process in considering whether to approve the settlement of a class action. First, a court must make a preliminary determination whether the proposed settlement "is fundamentally fair, adequate, and reasonable." *Acosta v. Trans Union, LLC*, 243 F.R.D. 377, 386 (C.D. Cal. 2007) (quoting *Staton*, 327 F.3d at 952). In the second step, which occurs after preliminary approval, notification to class members and the compilation of information as to any objections by class members, a court determines whether final approval of the settlement should be granted. *See. e.g., id.* 

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At the preliminary stage, "the settlement need only be *potentially fair*." *Id.* This is due, in part, to the policy preference for settlement, particularly in the context of complex class action litigation. *See Officers for Just. v. Civ. Serv. Comm'n of City and Cnty. of S.F.*, 688 F.2d 615, 625 (9th Cir. 1982) ("[V]oluntary conciliation and settlement are the preferred means of dispute resolution. This is especially true in complex class action litigation . . . .").

As the Ninth Circuit has explained:

[T]he court's intrusion upon what is otherwise a private consensual agreement negotiated between the parties to a lawsuit 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.

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Notwithstanding the foregoing rules, "[w]here . . . the parties negotiate a settlement agreement before the class has been certified, 'settlement approval requires a higher standard of fairness and a more probing inquiry than may normally be required under Rule 23(e).' " Roes, 1-2 v. SFBSC Mgmt., LLC, 944 F.3d 1035, 1048 (9th Cir. 2019) (quoting Dennis v. Kellogg Co., 697 F.3d 858, 864 (9th Cir. 2012)). "Specifically, 'such [settlement] agreements must withstand an even higher level of scrutiny for evidence of collusion or other conflicts of interest than is ordinarily required under Rule 23(e) before securing the court's approval as fair.' " Id. (quoting In re Bluetooth Headset Prod. Liab. Litig., 654 F.3d 935, 946 (9th Cir. 2011)). This scrutiny "is warranted 'to ensure that class representatives and their counsel do not secure a disproportionate benefit at the expense of the unnamed plaintiffs who class counsel had a duty to represent.' " Id. (quoting Lane v. Facebook, Inc., 696 F.3d 811, 819 (9th Cir. 2012).

In evaluating fairness, a court must consider "the fairness of a settlement as a whole, rather than assessing its individual components." *Lane*, 696 F.3d at 818–19. A court is to consider and evaluate several factors as part of its assessment of a proposed settlement. The following non-exclusive factors, which originally were described in *Hanlon*, are among those that may be considered during both the preliminary and final approval processes:

- (1) the strength of the plaintiff's case;
- (2) the risk, expense, complexity, and likely duration of further litigation;
- (3) the amount offered in settlement:
- (4) the extent of discovery completed and the stage of the proceedings;
- (5) the experience and views of counsel;
- (6) any evidence of collusion between the parties; and
- (7) the reaction of the class members to the proposed settlement.

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See In re Mego Fin. Corp. Sec. Litig., 213 F.3d 454, 458–60 (9th Cir. 2000).

Each factor does not necessarily apply to every settlement, and other factors may be considered. For example, courts often assess whether the settlement is the product of armslength negotiations. See Rodriguez v. West Publ'g Corp., 563 F.3d 948, 965 (9th Cir. 2009) ("We put a good deal of stock in the product of an arms-length, non-collusive, negotiated resolution."). As noted, in determining whether preliminary approval is warranted, a court is to decide whether the proposed settlement has the potential to be deemed fair, reasonable and adequate in the final approval process. Acosta, 243 F.R.D. at 386.

Amended Fed. R. Civ. P. 23(e) provides further guidance as to the requisite considerations in evaluating whether a proposed settlement is fair, reasonable and adequate. It provides that a court is to consider whether:

- (A) the class representatives and [Plaintiff's] counsel have adequately represented the class;
- (B) the proposal was negotiated at arm's length;
- (C) the relief provided for the class is adequate, taking into account:
  - (i) the costs, risks, and delay of trial and appeal;
  - (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims;
  - (iii) the terms of any proposed award of attorney's fees, including timing of payment; and
  - (iv) any agreement required to be identified under Rule 23(e)(3);<sup>[2]</sup> and
- (D) the proposal treats class members equitably relative to each other.

Fed. R. Civ. P. 23(e)(2).

The factors set forth in Fed. R. Civ. P. 23(e) distill the considerations historically used by federal courts to evaluate class action settlements. See Fed. R. Civ. P. 23(e) Advisory Committee's Note to 2018 Amendment. As the comments of the Advisory Committee explain, "[t]he goal of [the] amendment [was] not to displace any factor" that would have been relevant prior to the amendment, but rather to address inconsistent "vocabulary" that had arisen among the circuits and "to focus the court and the lawyers on the core concerns" of the fairness inquiry. Id.

### 2. Application

<sup>&</sup>lt;sup>2</sup> Fed. R. Civ. P. 23(e)(3) provides that "[t]he parties seeking approval must file a statement identifying any agreement made in connection with the proposal."

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a) Whether the Class Representatives and Plaintiffs' Counsel Have Adequately Represented the Putative Class

For the reasons stated above, Plaintiff and counsel have adequately represented the Class in this proceeding. Plaintiff and counsel are well-qualified to continue to do so. Their respective financial interests are consistent with doing so, and their decisions will be subject to ongoing judicial review in connection with any final approval process. Therefore, this factor weighs in favor of approval.

b) Whether the Settlement was Negotiated at Arms' Length

Courts evaluate the settlement process as well as the terms to which the parties have agreed to ensure that "the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties." *Rodriguez*, 563 F.3d at 965 (quoting *Hanlon*, 150 F.3d at 1027). Three factors may raise concerns of collusion: (1) "when counsel receive[s] a disproportionate distribution of the settlement, or when the class receives no monetary distribution but class counsel are amply rewarded"; (2) "when the parties negotiate a 'clear sailing' arrangement providing for the payment of attorneys' fees separate and apart from class funds"; and (3) "when the parties arrange for fees not awarded to revert to defendants rather than be added to the class fund." *In re Bluetooth Headset Prods. Liab. Litig.*, 654 F.3d at 947 (internal quotation marks and citations omitted).

There is no evidence of any fraud, overreaching or collusion among the parties. The Settlement Agreement is the product of arms-length negotiations by counsel, including two mediation sessions and a Settlement Conference, including mediation with Mark. S. Rudy, who has extensive experience in mediating wage and hour class actions. Dkt. 49 at 27. Even after coming to an initial agreement, the parties continued to negotiate the precise elements of the Settlement Agreement during the following month. *Id.* at 28.

Approximately \$683,833.34, or 55%, of the Gross Settlement Amount is to be allocated to Class Members. *Id.* Further, \$37,500 of the PAGA Penalties will be paid to all Aggrieved Employees. *Id.* The requested Class Counsel fees of \$416,666.66, or 33.33%, of the Gross Settlement Amount is not so disproportionate to the total recovery to suggest collusion. The amount of the fee award is discussed below and will be re-evaluated at any final approval stage. Finally, none of the Total Settlement Amount would revert to Defendants. *Id.* 

For these reasons, this factor supports preliminary approval of the settlement.

c) Whether the Relief Provided for the Class Is Adequate

As noted, the Gross Settlement Amount is \$1,250,000, with maximum deductions summarized in this chart prior to the distribution of the Net Settlement Amount to Class Members:

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Description of Amount	Amount	Percent
Gross Settlement Amount	\$ 1,250,000.00	100%
Class Representative Service Payments	\$ (25,000.00)	2%
Class Counsel Fees Payment	\$ (416,666.66)	33%
Class Counsel's Litigation Expenses	\$ (60,000.00)	5%
Administrator Expenses Payment	\$ (14,500.00)	1%
PAGA Penalties	\$ (50,000.00)	4%
Net Settlement Amount	\$ 683,833.34	55%

#### Strength of Plaintiffs' Claims, and the Costs, Risks and (1) Delays of Trial and Appeal

It is "well-settled law that a cash settlement amounting to only a fraction of the potential recovery will not per se render the settlement inadequate or unfair." Officers for Just., 688 F.2d at 628. "The proposed settlement is not to be judged against a hypothetical or speculative measure of what might have been achieved by the negotiators." Id. at 625. "Estimates of a fair settlement figure are tempered by factors such as the risk of losing at trial, the expense of litigating the case, and the expected delay in recovery (often measured in years)." In re Toys R Us-Delaware, Inc. - Fair & Accurate Credit Transactions Act (FACTA) Litig., 295 F.R.D. 438, 453 (C.D. Cal. 2014); see also Rodriguez, 563 F.3d at 965 ("In reality, parties, counsel, mediators, and district judges naturally arrive at a reasonable range for settlements by considering the likelihood of a plaintiffs' or defense verdict, the potential recovery, and the chances of obtaining it, discounted to the present value.").

Plaintiffs' counsel retained an expert to calculate the total expected recovery for the claims. Moen Declaration ¶ 21. The analysis first calculated the Defendants' maximum potential exposure based upon the alleged violations, and then discounted these figures based on the associated risks of litigating the claims to estimate a total expected recovery. Id. ¶¶ 27–38; Dkt. 49 at 20-24.

The estimates for Defendants' maximum potential exposure and the total expected recovery for each of Defendants' alleged violations are summarized in the following table:

Claim	Defendants' Maximum Potential Exposure	Total Expected Recovery
Off-the-Clock Violations	\$1,193,184	\$ 332,160
Meal Period Violations	\$665,401	\$ 164,687
Rest Period Violations	\$3,501,670	\$ 393,938
Failure to Reimburse	\$392,475	\$ 82,420

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Violations		
Wage Statement Penalties	\$602,000	\$ 148,995
Waiting Time Penalties	\$2,760,307	\$ 607,268
PAGA Penalties	\$1,350,900	\$ 60,791
Total	\$10,465,937	\$ 1,790,259 <sup>3</sup>

ld.

The Gross Settlement Amount of \$1,250,000 represents approximately 12% of Defendants' maximum potential exposure and 70% of the total expected recovery.

Plaintiffs have provided a sufficient basis to show that the Gross Settlement Amount represents adequate consideration. This results from viewing the risks associated with litigating the claims, including the Defendants' continued position that none of the claims is suitable for class certification, and Defendants' defenses as to each of the claims. *Id.* It is also supported by the risk as to whether Plaintiffs can establish that Defendants' had the requisite intent for certain penalties, and judicial discretion to reduce any award of PAGA Penalties. *Id.* 

These considerations support the conclusion that the amount offered for the Gross Settlement Amount is reasonable. Therefore, this factor weights in favor of preliminary approval.

# (2) <u>Effectiveness of Any Proposed Method of Distributing</u> Relief to the Class

The proposed method of notice and distributing relief to the Class is fair and reasonable. Defendants have agreed to provide the Class Data, including the last-known mailing address of all Class Members, to the Settlement Administrator if Preliminary Approval is granted. Dkt. 49-2 at 28 ¶ 4.2; *Id.* at 21–22 ¶ 1.8. The Settlement Administrator is required to update any addresses using the National Change of Address database prior to mailing the proposed notices to each Class Member via first-class USPS mail. *Id.* at 32 ¶ 8.4.2. If any notice is returned by the USPS as undelivered, the Settlement Administrator will either re-mail it to any forwarding address provided by USPS or to any address found through its own investigation and search for an updated mailing address if no forwarding address is provided. *Id.* at 33 ¶ 8.4.3.

Settlement Class Members do not need to file a claim form in order to receive an Individual Class Payment, and all Settlement Class Members who do not opt-out will automatically receive

<sup>&</sup>lt;sup>3</sup> Although Plaintiffs state that the total expected recovery is \$1,780,257, this appears to be a mathematical error as the total expected recoveries provided for each claim add to \$1,790,259.

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their respective shares of the Settlement. Dkt. 49 at 10. Those who choose to opt-out have 60 days after the Administrator mails the Class Notice (plus an additional 15 days for Class Members whose Class Notice is re-mailed) to do so. Dkt. 49-2 at 33 ¶ 8.5.1. The Settlement Class Members have the same time frame to object to the Settlement Agreement or challenge the calculation of their Class Hours and PAGA Hours worked. *Id.* at 34 ¶¶ 8.6–8.7.

Finally, settlement payments are to be made promptly upon the effective date of the Settlement Agreement. Defendants have 30 days after the effective date to fund the Gross Settlement Amount, and checks are to be mailed by the Settlement Administrator within 15 days thereafter. *Id.* at  $28-29 \, \P \, 4.3-4.4$ .

Because the proposed method of providing notice and relief is reasonable, this factor weighs in favor of preliminary approval.

#### (3) Terms of Any Proposed Award of Attorney's Fees

The Settlement Agreement provides that Class Counsel is entitled to receive up to 33.33% of the Gross Settlement Amount in attorney's fees, which is estimated to be \$416,666.66, and reimbursement of \$60,000 for litigation costs. *Id.* at 27 ¶ 3.2.2. The reasonableness of attorney's fees and litigation costs submitted in connection with the Motion is addressed below. Under the Settlement Agreement, any fees and costs not awarded will revert to the Net Settlement Fund. *Id.* This supports approval of the Settlement Agreement.

# (4) <u>Any Other Agreements Made in Connection with the</u> Proposal

The parties have not identified any other agreements that have been entered. *See* Fed. R. Civ. P. 23(e)(3). Therefore, this factor weighs in favor of preliminary approval.

d) Whether the Proposal Treats Putative Class Members Equitably Relative to Each Other

As noted, each Class Member would receive a pro rata share of the Net Settlement Amount, calculated according to the number of total hours worked during the Class Period. This proportional method is equitable and supports class certification. There is also a process for Class Members to object to the calculation of their hours provided in the Class Notice. Therefore, this factor weighs in favor of preliminary approval.

#### C. Approval of PAGA Settlement

#### 1. Legal Standards

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PAGA allows "an aggrieved employee" to bring an enforcement action for certain violations of California labor law "on behalf of himself or herself and other current or former employees." Cal. Lab. Code § 2699. PAGA is designed to address the limited government resources available to enforce the Labor Code. *See Iskanian v. CLS Transp. L.A., LLC*, 59 Cal. 4th 348, 379–80 (Cal. 2014). In a PAGA representative action the plaintiff may bring suit on behalf of the state, which remains the real party in interest. *Id.* at 382.

PAGA requires court approval of a proposed settlement, with concurrent notice of that request and the terms of the settlement provided to the LWDA. Cal. Lab. Code § 2699(I)(2). The purpose of the notice is to allow the LWDA to review and comment on the proposal, if it elects to do so. If it expresses views, they may be considered by the court in the review process. See Haralson v. U.S. Aviation Servs. Corp., 383 F. Supp. 3d 959, 973 (N.D. Cal. 2019).

PAGA does not provide express terms on the scope or nature of judicial review of a proposed settlement. See Flores v. Starwood Hotels & Resorts Worldwide, Inc., 253 F. Supp. 3d 1074, 1076–77 (C.D. Cal. 2017); Smith v. H.F.D. No. 55, Inc., No. 2:15-CV-01293-KJM-KJNx, 2018 WL 1899912, at \*2 (E.D. Cal. Apr. 20, 2018). The LWDA has stated that it "is not aware of any existing case law establishing a specific benchmark for PAGA settlements, either on their own terms or in relation to the recovery on other claims in the action." Ramirez v. Benito Valley Farms, LLC, No. 16-CV-04708-LHK, 2017 WL 3670794, at \*3 (N.D. Cal. Aug. 25, 2017).

In general, district courts reviewing PAGA settlements have applied the factors in *Hanlon*. *See*, *e.g.*, *Smith*, 2018 WL 1899912, at \*2–4; *Ramirez*, 2017 WL 3670794, at \*3–4. District courts have also considered whether a settlement is consistent with the "public policy goals" of PAGA. *O'Connor v. Uber Techs.*, *Inc.*, 201 F. Supp. 3d 1110, 1134–35 (N.D. Cal. 2016); *accord Patel v. Nike Retail Servs.*, *Inc.*, No. 14-CV-04781-RS, 2019 WL 2029061, at \*2 (N.D. Cal. May 8, 2019); *Eubank v. Terminix Int'l, Inc.*, No. 15-CV-0145-WQH-JMAx, 2018 WL 2215288, at \*4 (S.D. Cal. May 15, 2018); *Jordan v. NCI Grp.*, *Inc.*, 5:16-CV-1701-JVS-SPx, 2018 WL 1409590, at \*2 (C.D. Cal. Jan. 5, 2018); *Echavez v. Abercrombie & Fitch Co.*, *Inc.*, No. 11-CV-09754-VAP, 2017 WL 3669607, at \*3 (C.D. Cal. Mar. 23, 2017); *Gutilla v. Aerotek, Inc.*, No. 1:15-CV-00191-DAD-BAMx, 2017 WL 2729864, at \*2 (E.D. Cal. Mar. 22, 2017). These goals include "benefit[ing] the public by augmenting the state's enforcement capabilities, encouraging compliance with Labor Code provisions, and deterring noncompliance." *O'Connor*, 201 F. Supp. 3d at 1132–33. It is also appropriate to consider whether the leverage obtained by a plaintiff who presents a PAGA claim is sufficiently recognized in the allocation of a settlement to that claim.

#### 2. Application

Plaintiffs submitted notice of the proposed Settlement to the LWDA concurrently with filing the Motion. See Moen Declaration ¶ 23, Ex. 2. Therefore, there will be sufficient opportunity for the LWDA to comment on the proposal.

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The Settlement Agreement provides for PAGA Penalties of \$50,000, with \$37,500 paid to the LWDA and the remaining \$12,500 divided among PAGA Aggrieved Employees. Dkt. 49-2 at 28 ¶ 3.2.5. This allocation is consistent with Cal. Lab. Code § 2699(i), which provides that, in general, 75% of civil penalties recovered by aggrieved employees should be distributed to the LWDA. Cal. Lab. Code § 2699(i).

PAGA Penalties of \$50,000 represent approximately four percent of the Gross Settlement Amount. This is greater than the "zero to two percent range for PAGA claims approved by courts." See Dawson v. Hitco Carbon Composites, Inc., No. CV 16-7337 PSG (FFMx), 2019 WL 6138467, at \*11 (C.D. Cal. July 9, 2019); Alcala v. Meyer Logistics, Inc., No. CV 17-7211 PSG (AGRx), 2019 U.S. Dist. LEXIS 166879, at \*26 (C.D. Cal. June 17, 2019). Although \$50,000 is a substantial discount from Defendants' maximum potential exposure to PAGA penalties, which is \$1,350,900, these penalties "are exclusively derivative of the violations that Defendants vigorously dispute, both as to certification and the merits." Dkt. 49 at 24. The total expected recovery of PAGA penalties, considering the risks associated with litigating these claims, has been forecasted as \$60,791, which is closer to the award provided for in the Settlement Agreement. Id. Therefore, the amount of the PAGA Penalties are reasonable.

#### D. Incentive Awards

#### 1. Legal Standards

"[N]amed plaintiffs . . . are eligible for reasonable incentive payments." *Staton*, 327 F.3d at 977. To determine the reasonableness of incentive awards, the following factors may be considered:

1) The risk to the class representative in commencing suit, both financial and otherwise; 2) the notoriety and personal difficulties encountered by the class representative; 3) the amount of time and effort spent by the class representative; 4) the duration of the litigation; and 5) the personal benefit (or lack thereof) enjoyed by the class representative as a result of the litigation.

Van Vranken v. Atl. Richfield Co., 901 F. Supp. 294, 299 (N.D. Cal. 1995).

#### 2. Application

Plaintiffs plan to file a separate Motion for Attorney's Fees, Costs and Class Representative Service Payments to be considered along with a related motion for Final Approval of the Settlement. Dkt. 49 at 2. Accordingly, the issue as to whether the proposed Class Representative Service Payments, or incentive awards, are reasonable will not be finally determined at this time. However, to provide information that is useful to Class Members in considering whether to object to the Settlement Agreement, it is important to address them.

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Moen declares that the Service Payments are intended to recognize "the significant time and effort that Plaintiffs expended on behalf of the Settlement Class, the significant risks Plaintiffs undertook by serving as the named plaintiffs, and the fact that they are agreeing to a general release of all claims subject to a waiver of Civil Code § 1542." Moen Declaration ¶ 42. The Settlement Agreement provides for Service Payments of not more than \$10,000 to Murphy and \$5000 each to Schwartz, Brewer and Moreno. Dkt. 49-2 at 26 ¶ 3.2.1.

Murphy has been the lead plaintiff in the related PAGA and class action proceedings since their inception. Murphy declares that he has been actively involved in these cases, including attending a full day mandatory settlement conference, gathering and reviewing documents, meeting with his attorneys on numerous occasions to discuss the lawsuit, assisting his attorneys to identify other potential witnesses and class members, discussing strategy with his attorneys and reviewing discovery in preparation for mediation sessions. Dkt. 49-6, Murphy Declaration  $\P$  5. He estimates that he has spent more than 40 hours on this case. *Id.* He also declares that he understood he was assuming considerable potential reputational and financial risk in bringing the lawsuit. *Id.*  $\P$  4. If the maximum award of \$10,000 were approved, it would constitute an hourly rate of \$250.

In light of the work performed, hours worked, professional risk and general release of claims, an incentive award in the range of \$5000–\$7500 to Murphy is preliminarily approved, without prejudice to a *de novo* review in connection with the anticipated motion.

As noted, the Settlement Agreement also provides for a Service Payment of \$5000 each to Schwartz, Brewer and Moreno. Each of these plaintiffs declares that he accepted the reputational and financial risks of being a named plaintiff for the benefit of other employees of Fusion. Dkt. 49-7, Schwartz Declaration ¶ 4; Dkt. 49-8, Brewer Declaration ¶ 4; Dkt. 49-9, Moreno Declaration ¶ 4. Each of their declarations describes their active involvement in the litigation since becoming parties, and refers to activities similar to those discussed as to Murphy. Schwartz Declaration ¶ 5; Brewer Declaration ¶ 5; Moreno Declaration ¶ 5.

As to Schwartz and Brewer, each estimates at least 20 hours spent on these activities. Schwartz Declaration ¶ 5; Brewer Declaration ¶ 5. If the maximum award of \$5000 were approved for each of these plaintiffs, it would constitute an hourly rate of \$250. Moreno estimates that he spent at least 18 hours on the same activities. Moreno Declaration ¶ 5. If the maximum award of \$5000 were approved for Moreno, it would constitute an hourly rate of approximately \$278.

In light of the work performed, hours worked, professional risk and general release of claims, incentive awards in the range of \$2500–\$5000 to Schwartz, \$2500–\$5000 to Brewer and \$2500–\$4500 to Moreno are preliminarily approved, without prejudice to a *de novo* review in connection with the anticipated motion.

### **CIVIL MINUTES - GENERAL**

Case No. LA CV21-06732 JAK (ASx)

Title Kevin Murphy v. Fusion Learning, Inc., et al.

#### E. Attorney's Fees

#### 1. <u>Legal Standards</u>

Attorney's fees and costs "may be awarded . . . where so authorized by law or the parties' agreement." *In re Bluetooth Headset Prods.*, 654 F.3d at 941. However, "courts have an independent obligation to ensure that the award, like the settlement itself, is reasonable, even if the parties have already agreed to an amount." *Id.* "If fees are unreasonably high, the likelihood is that the defendant obtained an economically beneficial concession with regard to the merits provisions, in the form of lower monetary payments to class members or less injunctive relief for the class than could otherwise have [been] obtained." *Staton*, 327 F.3d at 964. Thus, a district court must "assure itself that the fees awarded in the agreement were not unreasonably high, so as to ensure that the class members' interests were not compromised in favor of those of class counsel." *Id.* at 965.

District courts have discretion to choose between a lodestar method and the percentage method to evaluate the reasonableness of a request for an award of attorney's fees in a class action. *In re Mercury Interactive Corp. Sec. Litig.*, 618 F.3d 988, 992 (9th Cir. 2010). A court may also choose one method and then perform a cross-check with the other. *See, e.g., Staton*, 327 F.3d at 973.

When using the percentage method, a court examines what percentage of the total recovery is allocated to attorney's fees. Usually, the Ninth Circuit applies a "benchmark award" of 25%. *Id.* at 968. However, awards that deviate from the benchmark have been approved. *See Paul, Johnson, Alston & Hunt v. Graulty*, 886 F.2d 268, 272 (9th Cir. 1989) ("Ordinarily, . . . fee awards [in common fund cases] range from 20 percent to 30 percent of the fund created."); *Schroeder v. Envoy Air, Inc.*, No. CV-16-4911-MWF (KSx), 2019 WL 2000578, at \*7 (C.D. Cal. May 6, 2019) (internal citations omitted) ("[T]he 'benchmark percentage should be adjusted, or replaced by a lodestar calculation, when special circumstances indicate that the percentage recovery would be either too small or too large in light of the hours devoted to the case or other relevant factors,' "including " '(1) the results achieved; (2) the risks of litigation; (3) the skill required and the quality of work; (4) the contingent nature of the fee; (5) the burdens carried by class counsel; and (6) the awards made in similar cases.' ").

"The lodestar figure is calculated by multiplying the number of hours the prevailing party reasonably expended on the litigation (as supported by adequate documentation) by a reasonable hourly rate for the region and for the experience of the lawyer." *In re Bluetooth Headset Prods.*, 654 F.3d at 941. After the lodestar amount is determined, a trial court "may adjust the lodestar upward or downward using a 'multiplier' based on factors not subsumed in the initial calculation of the lodestar." *Van Gerwen v. Guarantee Mut. Life Co.*, 214 F.3d 1041, 1045 (9th Cir. 2000). Such factors "includ[e] the quality of representation, the benefit obtained

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for the class, the complexity and novelty of the issues presented, and the risk of nonpayment.' "Stetson v. Grissom, 821 F.3d 1157, 1166–67 (9th Cir. 2016) (quoting *In re Bluetooth Headset Prods.*, 654 F.3d at 941–42).

#### 2. Application

As noted, the Settlement Agreement provides that Class Counsel is entitled to receive up to 33.33% in attorney's fees, which would be \$416,666.66. Dkt. 49-2 at 27 ¶ 3.2.2. Defendants agree not to oppose requests for these payments provided that do not exceed these amounts. *Id.* 

As noted, Plaintiffs will file a separate Motion for Attorney's Fees, Costs, and Class Representative Service Payments to be considered along with the motion for Final Approval of the Settlement. Dkt. 49 at 2. Accordingly, the issue as to whether the proposed litigation costs are acceptable will not be finally determined at this time. However, it is important to provide a preliminary analysis of attorney's fees in order so that Class Members have information to assist them in determining whether to object. That analysis shows that the amount of fees anticipated at this time are within a reasonable range.

### a) Percentage Approach

In support of the Motion, Plaintiffs' counsel has submitted a spreadsheet which details work completed and the anticipated time to be spent on future tasks. Dkt. 56. Plaintiffs' counsel estimates a total of 451.75 hours of work, resulting in actual fees of \$314,871.25 when applying their respective, hourly rates. *Id.* at 20. This estimated lodestar represents approximately 25% of the Gross Settlement Amount.

As noted, the requested attorney's fees of up to \$416,666.66 represents 33.33% of the Gross Settlement Amount. This allocation would exceed the 25% "benchmark award" in the Ninth Circuit; nonetheless, an attorney's fee award exceeding the benchmark is not *per se* unreasonable. An upward adjustment from the benchmark may be warranted in light of the results achieved, the risks of litigation, non-monetary benefits conferred by the litigation, customary fees in similar cases, the contingent nature of the fee, the burden carried by counsel or the reasonable expectations of counsel. *Vizcaino*, 290 F.3d at 1048.

Favorable results were obtained for the Class. According to Plaintiffs' class-wide exposure analysis, the amount offered in settlement represents 70.2% of reasonably forecasted class-wide recovery considering the risks of proceeding with litigation. Dkt. 49 at 24. This is significant in light of the "substantial risks and uncertainty in proceeding with class certification and trial." *Id.* at 18. Further, the litigation was undertaken on a purely contingent fee basis. Moen Decl. ¶ 43.

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### b) Lodestar Cross-Check

The following table summarizes the rates and hours submitted by Plaintiffs' counsel to date for each attorney, which includes estimates for future tasks associated with settlement approval:

Attorney	Years of Experience	Hourly Rate	Hours	Fees
Paul K. Haines	17	\$850	6.7	\$5,695
(Attorney – Principal at Haines				
Law)				
Fletcher W. Schmidt	11	\$750	86.8	\$65,100
(Attorney - Partner at Haines				
Law)				
Haig B. Kazandjian	13	\$725	132.9	\$96,316.25
(Attorney - Principal at HBK				
Lawyers)				
Cathy Gonzalez	8	\$725	118	\$85,550.00
(Attorney at HBK Lawyers)				
Matthew K. Moen	8	\$650	91.4	\$59,410.00
(Attorney - Senior Associate at				
Haines Law)				
Jonathan Ramirez	Not specified	\$175	16	\$2,800.00
(Firm Paralegal)				
Total			451.75	\$314,871.25
Up-to Fee Sought				\$416,666.66
Multiplier				1.32

### (1) Whether the Rates Claimed Are Reasonable

A review has been conducted of the fee requests as well as the detailed descriptions of the work performed by each attorney. The hourly rates that are proposed are reasonable in light of the work performed, the experience of counsel and the rates used by counsel with similar experience.

### (2) Whether the Hours Charged are Reasonable

As required by the Standing Order, Plaintiff's counsel have provided several tables summarizing the hours worked on this matter. Dkt. 56. Based on a review of the evidence submitted with respect to the work performed in this matter, issues are raised about the number of hours spent on certain tasks. Based on a review the present evidence, certain exclusions and downward adjustments to the time charges, are warranted. These adjustments result in a reduction to the

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lodestar in the amount of \$59,882.50 i.e., from \$314,871.25 to \$254,988.75. These adjustments are reflected in the following table, which is based on Table 1 that Plaintiffs provided. *See id.* at 12–16.

Attorney	Rate	Hours	Adjusted Hours	Requested Fee	Adjusted Fee
Paul K. Haines (Attorney - Principal)	\$850	4.9	4	\$4,165	\$3,400
Fletcher W. Schmidt (Attorney - Partner)	\$750	2.6	1.5	\$1,950	\$1,125
Haig B. Kazandjian (Attorney - Principal)	\$725	20.25	18	\$14,681.25	\$13,050
Matthew K. Moen (Attorney - Senior Associate)	\$650	3.3	3	\$2,145	\$1,950
Jonathan Ramirez (Firm Paralegal)	\$175	1.2	1.2	\$210	\$210
Totals for Task	1:	32.25	27.7	\$23,151.25	\$19,735
Task 2: Confer v	vith Co-Co	unsel Regardir	ng Case Strategy (	email, telephone,	zoom)
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Paul K. Haines (Attorney - Principal)	\$850	1.8	1	\$1,530	\$850
Fletcher W.	\$750	7.8	6	\$5,850	\$4,500

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Moen (Attorney - Senior Associate)  Totals for Task 2:	\$650	27.3	21	\$2,730 \$19,897.50	\$1,950 \$15,275
Matthew K. \$	0.50				
Cathy Gonzalez (Attorney)	\$725	6.3	5	\$4,567.50	\$3,625
(Attorney - Partner)  Haig B. \$ Kazandjian (Attorney - Principal)	\$725	7.2	6	\$5,220	\$4,350

Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher W. Schmidt (Attorney - Partner)	\$750	20.5	18	\$15,375	\$13,500
Haig B. Kazandjian (Attorney - Principal)	\$725	8	6	\$5,800	\$4,350
Cathy Gonzalez (Attorney)	\$725	2.7	1	\$1,957.50	\$725
Matthew K. Moen (Attorney - Senior Associate)	\$650	21.1	18	\$13,715	\$11,700

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(Attorney -

le _	Kevin I	Murphy v.	. Fusion Learr	ning, Inc., et al.		
Jonathar Ramirez Paralega	(Firm	\$175	0.6	0	\$105	\$0
Totals fo	or Task	3:	52.9	43	\$36,952.50	\$30,275
Task 4: J	loint Sta	tus Repor	ts/Stipulations	(Drafting, Conferrir	ng, Filing)	
Attorney	1	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher	W.	\$750	3.8	2.5	\$2,850	\$1,875

Partner)					
Cathy Gonzalez (Attorney)	\$725	5.3	4	\$3,842.50	\$2,900

Totals for Task	4:	15.1	10	\$9,832.50	\$6,338
Jonathan Ramirez (Firm Paralegal)	\$175	1.6	1.5	\$280	\$263
Matthew K. Moen (Attorney - Senior Associate)	\$650	4.4	2	\$2,860	\$1,300

Task 5: Discovery

Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher W. Schmidt (Attorney - Partner)	\$750	2.3	1.5	\$1,725	\$1,125
Haig B. Kazandjian (Attorney - Principal)	\$725	19.5	18	\$14,137.50	\$13,050

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Cathy	\$725	14.2	12	\$10,295	\$8,700
Gonzalez (Attorney)					
Matthew K.	\$650	1.7	0	\$1,105	\$0
Moen (Attorney - Senior Associate)	φοσο	1.7		\$1,100	φυ
Totals for Task	5:	37.7	31.5	\$27,262.50	\$22,875
Task 6: Depositi	on (Prep, l	Document Rev	iew, Scheduling, A	ttendance)	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher W. Schmidt (Attorney - Partner)	\$750	18.2	18.2	\$13,650	\$13,650
Cathy Gonzalez (Attorney)	\$725	8.1	7	\$5,872.50	\$5,075
Matthew K. Moen (Attorney - Senior Associate)	\$650	5.9	5	\$3,835	\$3,250
Jonathan Ramirez (Firm Paralegal)	\$175	1.6	1.5	\$280	\$263
Totals for Task	<b>6</b> :	33.8	31.7	\$23,637.50	\$22,237.50
Task 7: Mediatio	ns (Prep,	Drafting Brief, A	Attendance)	<u> </u>	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher W. Schmidt (Attorney - Partner)	\$750	14.3	12	\$10,725	\$9,000

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Totals for Task Task 8: Memoral		78.75	62	\$56,226.25	\$44,650.00
Jonathan Ramirez (Firm Paralegal)	\$175	0.4	0	\$70	\$0
Matthew K. Moen (Attorney - Senior Associate)	\$650	13.4	8	\$8,710	\$5,200
Cathy Gonzalez (Attorney)	\$725	4.1	2	\$2,972.50	\$1,450
Haig B. Kazandjian (Attorney - Principal)	\$725	46.55	40	\$33,748.75	\$29,000

i ask 8: Memorandum of Understanding (Drafting, Negotiating)

Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher W. Schmidt (Attorney - Partner)	\$750	3.1	3	\$2,325	\$2,250
Cathy Gonzalez (Attorney)	\$725	2.2	2	\$1,595	\$1,450
Matthew K. Moen (Attorney - Senior Associate)	\$650	2.2	2	\$1,430	\$1,300
Totals for Task	8:	7.5	7	\$5,350	\$5,000

Task 9: Long-Form Settlement Agreement (Drafting, Negotiating)

Attorney	Rate	Hours	Adjusted	Fee	Adjusted Fee
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			Hours			
Fletcher W. Schmidt (Attorney - Partner)	\$750	2.1	2	\$1,575	\$1,500	
Cathy Gonzalez (Attorney)	\$725	1	1	\$725	\$725	
Matthew K. Moen (Attorney - Senior Associate)	\$650	2.2	2	\$1,430	\$1,300	
Jonathan Ramirez (Firm Paralegal)	\$175	2.4	2	\$420	\$350	
Totals for Task	9:	7.7	7	\$4,150	\$3,875	

Task 10: Motion for Preliminary Approval (Drafting, Supporting Docs, Filing)

Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fees
Fletcher W. Schmidt (Attorney - Partner)	\$750	4.3	3	\$3,225	\$2,250
Cathy Gonzalez (Attorney)	\$725	10.95	8	\$7,938.75	\$5,800
Matthew K. Moen (Attorney - Senior Associate)	\$650	12.4	10	\$8,060	\$6,500
Jonathan Ramirez (Firm	\$175	2.2	2	\$385	\$350

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Paralegal)					
Totals for Task	10:	29.85	23	\$19,608.75	\$14,900.00
Task 11: Stipular	tion for Le	ave to File FAC, F	AC (Drafting, N	legotiating, Filing)	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Fletcher W. Schmidt (Attorney - Partner)	\$750	1.4	1	\$1,050	\$750
Matthew K. Moen (Attorney - Senior Associate)	\$650	4.6	4	\$2,990	\$2,600
Jonathan Ramirez (Firm Paralegal)	\$175	0.6 (Anticipated)	0	\$105	\$0
Totals for Task	11:	6.6	5	\$4,145	\$3,350.00
		6.6 dence with Defens	_	*	*
			se Counsel (em	*	*
Task 12: Other C	Correspon	dence with Defens	se Counsel (em	ail, telephone, zoo	nm)
Task 12: Other C Attorney  Fletcher W. Schmidt (Attorney -	Correspond Rate	dence with Defens Hours	Adjusted Hours	Fee	Adjusted Fee
Task 12: Other C Attorney  Fletcher W. Schmidt (Attorney - Partner)  Haig B. Kazandjian (Attorney -	Rate \$750	Hours  1.4	Adjusted Hours	Fee \$1,050	Adjusted Fee \$750

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Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Jonathan Ramirez (Firm Paralegal)	\$175	0.3	0.3	\$52.50	\$52.50
Totals for Task	13:	0.3	0.3	\$52.50	\$52.50
Task 14: Notice	of Associa	ation of Counsel (F	Prepare and File	)	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Jonathan Ramirez (Firm Paralegal)	\$175	3.1	3	\$542.50	\$525
Totals for Task	14:	3.1	3	\$542.50	\$525
Task 15: Prelimin	nary Appr	oval Hearing (Pre	o, Travel to/from	, Attendance)	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Matthew K. Moen (Attorney - Senior Associate)	\$650	3.0 (Anticipated)	3	\$1,950	\$1,950
Totals for Task	15:	3	3	\$1,950	\$1,950
Task 16: Settlem	nent Admii	nistration Correspo	ondence (admin	istrator, class m	embers)
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Matthew K. Moen (Attorney - Senior Associate)	\$650	1.0 (Anticipated)	1	\$650	\$650
Totals for Task	16:	1	1	\$650	\$650
Took 17: Motion	for Final A	Approval/Attorney's	s Fees (Drafting	ı, Filing)	
Task T7. MOUOT	101 1 11141 1	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,	

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Fletcher W. Schmidt (Attorney - Partner)	\$750	5.0 (Anticipated)	5	\$3,750	\$3,750
Matthew K. Moen (Attorney - Senior Associate)	\$650	9.0 (Anticipated)	5	\$5,850	\$3,250
Jonathan Ramirez (Firm Paralegal)	\$175	2.0 (Anticipated)	2	\$350	\$350
Totals for Task	17:	16	12	\$9,950	\$7,350
Task 18: Final A	Approval H	earing (Prep, Trav	el to/from, Atter	ndance)	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Matthew K. Moen (Attorney - Senior Associate)	\$650	3.0 (Anticipated)	3	\$1,950	\$1,950
Totals for Task	18:	3	3	\$1,950	\$1,950
Task 19: Stipula	ation to Re-	Open Action	1		
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Cathy Gonzalez (Attorney)	\$725	0.5	0.25	\$362.50	\$181.25
Totals for Task	19:	0.5	0.25	\$362.50	\$181.25
Task 20: Defend	dant's Notic	ce of Removal/Ans	swer	•	•
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
			110410		

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\$725	2.4	1.5	\$1,740	\$1,087.50
Totals for Task 20:		3	\$3,552.50	\$2,175.00
on to Reman	d			
Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
\$725	4.75	3	\$3,443.75	\$2,175
 sk 21:	4.75	3	\$3,443.75	\$2,175
ndant's Moti	on to Dismiss (	Review, Opposition	n)	
Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
\$725	3.7	3	\$2,682.50	\$2,175
sk 22:	3.7	3	\$2,682.50	\$2,175
espondence	with Plaintiffs (	Telephone, Email)		
Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
\$725	18	15	\$13,050	\$10,875
	sk 20: on to Reman  Rate  \$725  sk 21: endant's Motion  Rate  \$725  sk 22: espondence  Rate	Rate	Rate	Sk 20:   4.9   3   \$3,552.50

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	sk 23:	57.7	50	\$41,832.50	\$36,250
Task 24: Com	plaint (Drafti	ng, Service via	NAR)	<b>-</b>	
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Haig B. Kazandjian (Attorney - Principal)	\$725	7.75	5	\$5,618.75	\$3,625
Cathy Gonzalez (Attorney)	\$725	4.9	3	\$3,552.50	\$2,175
Totals for Tas	sk 24:	12.65	8	\$9,171.25	\$5,800
Task 25: Case	Manageme	nt/Status Confe	erences (Prep, Atte	end, Notice of Ord	ers)
Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Cathy Gonzalez (Attorney)	\$725	5.1	3	\$3,697.50	\$2,175
, ,,					
Totals for Tas	sk 25:	5.1	3	\$3,697.50	\$2,175
Totals for Tas		5.1 ders/Minute Ord		\$3,697.50	\$2,175
Totals for Tas				\$3,697.50	<u> </u>
Totals for Tas	ew Court Ord	ders/Minute Or	ders Adjusted		<u> </u>
Totals for Tas Task 26: Revie Attorney Haig B. Kazandjian (Attorney -	Rate	ders/Minute Ord	Adjusted Hours	Fee	Adjusted Fee

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Attorney	Rate	Hours	Adjusted Hours	Fee	Adjusted Fee
Cathy Gonzalez (Attorney)	\$725	0.2	0.2	\$145	\$145
Totals for Ta	sk 27:	0.2	0.2	\$145	\$145
Task 28: Plair	ntiffs' Record	s Request Doc	uments (Draft, Pre	o, Serve)	
Attorney	Rate	Hours	Adjusted	Poguested	Adimeted Fee
Attorney	Kale	Hours	Hours	Requested Fee	Adjusted Fee
Haig B. Kazandjian (Attorney - Principal)	\$725	2.5	_	•	\$1,450
Haig B. Kazandjian (Attorney -	\$725		Hours	Fee	

#### c) Conclusion on Attorney's Fees

Based on the adjusted lodestar of \$254,988.75 and the maximum award of \$416,666.66 as stated in the Settlement Agreement, the multiplier would be 1.63. If the award were reduced to \$312,500, which would represent 25% of the Gross Settlement Amount, the multiplier would be 1.23.

Based on the foregoing analysis, a fee award in the range of \$312,500 to \$416,666.66 is preliminarily approved. This determination is based on the information presented, without prejudice to a *de novo* review in connection with the anticipated motions for an award of attorney's fees and final approval.

### F. Litigation Costs

The Settlement Agreement provides that Class Counsel is entitled to receive up to \$60,000 for litigation costs. *Id.* at 27 ¶ 3.2.2. As noted, Plaintiffs will file a separate Motion for Attorney's Fees, Costs and Class Representative Service Payments to be considered along with the Motion for Final Approval of the Settlement. Dkt. 49 at 2. Accordingly, the issue as to whether the proposed litigation costs are reasonable will not be finally determined at this time. Further, no evidence has been provided that would permit a preliminary evaluation. However, in light of the usual nature and amount of costs in proceedings like these, as well as the experience of

#### **CIVIL MINUTES - GENERAL**

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counsel in prior litigation, there is a basis to infer that the request for costs is sufficiently reasonable to support preliminary approval. However, the amount of the award will be determined in connection with the anticipated motion, which cannot seek an award greater than \$60,000.

#### G. Appointment of Settlement Administrator

The Settlement Agreement provides that the parties have jointly selected CPT Group, Inc. ("CPT") as the Settlement Administrator. Dkt. 49-2 at 32 ¶ 8.1. It also provides for a payment to CPT not to exceed \$14,500 except for a showing of good cause and as approved by the Court. *Id.* at 27 ¶ 3.2.3. Based on the evidence provided, CPT appears to be an appropriate administrator. *See* Dkt. 49-10, Green Declaration. CPT has "extensive experience in providing court approved notice of class actions," having provided services in thousands of class action cases in the past 30 years. *Id.* ¶ 6.

The estimate provided by CPT is \$14,500, which is a fixed fee as long as the class size has been accurately represented. *Id.* ¶ 8. CPT provides a detailed breakdown of costs for each task involved in settlement administration process. *Id.*, Ex. B. Based upon this evidence, which is sufficient, the \$14,500 payment is preliminarily approved, without prejudice to *de novo* review should additional evidence be proffered in connection with the final approval process.

#### H. Class Notice

### 1. <u>Legal Standards</u>

Rule 23(e)(1)(B) requires that a court "direct notice in a reasonable manner to all class members who would be bound by" a proposed class settlement. Fed. R. Civ. P. 23(e)(1)(B). Notice is satisfactory if it "generally describes the terms of the settlement in sufficient detail to alert those with adverse viewpoints to investigate and to come forward and be heard." *Churchill Vill.*, *LLC v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir. 2004) (quoting *Mendoza v. Tucson Sch. Dist. No. 1*, 623 F.2d 1338, 1352 (9th Cir. 1980)).

#### 2. Application

As stated, the Proposed Notice summarizes the terms of the Settlement Agreement and advises each of the Class Members that he or she does not have to do anything to participate in the proposed Settlement. It also provides an overview of how payments are calculated and the exact amount each Class Member should expect to receive based upon hours worked. It also provides information about a website and other information that Class Members may use to contact the Settlement Administrator or Class Counsel. Moen Declaration, Ex. A. It also instructs Class Members how to file objections, challenge estimated payment amounts, or to opt out of the settlement. The Proposed Notice satisfies the requirements of Rule 23(e)(1)(B).

### **CIVIL MINUTES - GENERAL**

Case No. LA CV21-06732 JAK (ASx)

Title Kevin Murphy v. Fusion Learning, Inc., et al.

### V. <u>Conclusion</u>

For the reasons stated in this Order, the Motion is **GRANTED**. A Final Approval Hearing is set for July 8, 2024. The following schedule is set for the balance of the settlement approval process:

Event	Date
Defendants to provide Class Data to Settlement Administrator no later than:	February 19, 2024
Settlement Administrator to mail the Class Notice to the Settlement Class Members no later than:	March 4, 2024
Deadline for Class Members to submit disputes, request exclusion from, or object to the Settlement:	May 6, 2024
Deadline for Plaintiffs to file Motion for Final Approval of Class Action Settlement, Motion for Attorneys' Fees and Costs:	May 20, 2024
Deadline for any Opposition to Motion for Final Approval of Class Action Settlement, Motion for Attorneys' Fees and Costs:	June 10, 2024
Deadline for any Reply to Motion for Final Approval of Class Action Settlement, Motion for Attorneys' Fees and Costs:	June 17, 2024
Final Approval Hearing	July 8, 2024 at 8:30 a.m., with the final time to be set when the calendar for that date issues

IT IS SO ORDERED.

### **CIVIL MINUTES – GENERAL**

Case No.	LA CV21-06732 JAK (ASx)	[	Date	February 2,	2024	
Title	Kevin Murphy v. Fusion Learning, Inc., et al.					
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