UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Zhou v. Chai

No. 21-cv-06067-AMO (N.D. Cal. May 1, 2025) · No. 21-cv-06067-AMO · Decided May 1, 2025

SUMMARY

The United States District Court for the Northern District of California denied without prejudice Plaintiffs' motion to approve a proposed settlement of Private Attorneys General Act claims. The court identified deficiencies in the calculation of pay periods and maximum penalties, the justification for discounting the alleged liability, and the treatment of wage-statement penalties. The court vacated the scheduled hearing and permitted Plaintiffs to file a renewed motion within 30 days.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Araceli Martinez-Olguin
JURISDICTION	United States District Court for the Northern District of California
DECIDED	May 1, 2025
DOCKET	21-cv-06067-AMO
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved for approval of a proposed settlement of claims for civil penalties under the California Private Attorneys General Act. The district court denied the motion without prejudice and vacated the scheduled hearing.
STANDARD OF REVIEW	The court evaluates a proposed PAGA settlement to determine whether it is fair, reasonable, and adequate in view of PAGA's purposes and the parties' respective litigation risks.
PRECEDENTIAL VALUE	Unpublished district-court order; precedential status unknown.

TOPICS

wage and hour · employment law · civil procedure · remedies

PRACTICE AREAS

employment law · wage and hour · civil procedure · remedies

QUESTIONS PRESENTED

1. Whether the proposed PAGA settlement should be approved as fair, reasonable, and adequate.
2. Whether Plaintiffs adequately calculated the relevant PAGA pay periods and maximum potential liability.
3. Whether Plaintiffs adequately justified the proposed 95% reduction in maximum PAGA liability for the minimum-wage and overtime claims.
4. Whether Plaintiffs adequately justified limiting the wage-statement penalties to a single $250 initial penalty per employee rather than accounting for subsequent violations.

HOLDINGS

1. A proposed PAGA settlement may be approved only when the court can determine that it is fair, reasonable, and adequate in view of PAGA's purposes and the parties' respective litigation risks. Because Plaintiffs' motion did not provide sufficient information to make that determination, approval was denied without prejudice.
2. A PAGA settlement motion must provide sufficiently clear calculations of the relevant pay periods and maximum potential liability and must explain the basis for any material reduction from maximum exposure.
3. A PAGA settlement motion must explain why the proposed penalty for wage-statement violations is limited to an initial violation penalty and does not account for potentially applicable subsequent-violation penalties.

KEY QUOTATIONS

> *"Because the motion contains several deficiencies, as discussed below, the Court DENIES the motion without prejudice and VACATES the May 8, 2025 hearing."* (slip op. at 1)

> *"Plaintiffs' motion suffers from several deficiencies which prevent the Court from determining whether the settlement is fair and adequate in view of the purpose and policies of the PAGA statute while taking into account the parties' respective litigation risks."* (slip op. at 2)

> *"the Court cannot find that a proposed PAGA settlement is fair and adequate where the proposed reduction in PAGA liability did not adequately reflect the parties' respective risks"* (slip op. at 2)

> *"a 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."* (slip op. at 2-3)

FACTUAL BACKGROUND

Plaintiffs alleged that Defendants failed to pay minimum wages and overtime to three cooks and failed to furnish accurate itemized wage statements to nine former employees. The proposed settlement provided $5,475 in PAGA penalties, including $3,225 for the minimum-wage and overtime claims and $2,250 for the wage-statement claim. Plaintiffs proposed substantial discounts from the asserted maximum exposure, but the motion did not adequately explain the calculations, litigation risks, or justification for limiting wage-statement penalties to one initial violation per employee.

PROCEDURAL HISTORY

Plaintiffs brought a representative PAGA action alleging minimum-wage, overtime, and inaccurate wage-statement violations. They sought approval of a settlement providing $5,475 in PAGA penalties, with 75% payable to the California Labor and Workforce Development Agency and 25% distributed to aggrieved employees. The court found multiple deficiencies in the settlement presentation, including inadequate calculations of the relevant pay periods and maximum exposure, insufficient support for the proposed discount, and inadequate justification for the wage-statement penalty, and denied approval without prejudice.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. Plaintiffs may file a renewed settlement-approval motion within 30 days addressing the identified deficiencies. If they do not, the parties must file a joint status report within 45 days proposing how the litigation should proceed.

CASES CITED

- O'Connor v. Uber Technologies, Inc., 201 F. Supp. 3d 1110, 1135 (N.D. Cal. 2016)
- Moniz v. Adecco USA, Inc., 72 Cal. App. 5th 56, 77 (2021)
- Turrieta v. Lyft, Inc., 16 Cal. 5th 664, 708-10 (2024)
