

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Kabasele v. Ulta Salon, Cosmetics & Fragrance, Inc.

Kabasele · No. 2:21-cv-01639 WBS CKD · Decided March 14, 2023

SUMMARY

The United States District Court for the Eastern District of California addresses an unopposed motion for preliminary approval of a class settlement in an employment wage-and-hour action. The court expressed concern that the proposed \$1.5 million settlement represented a small percentage of the estimated maximum recovery and that counsel had not adequately supported the damages estimates or settlement discounts. The court ordered supplemental briefing and set a further hearing.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	William B. Shubb
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	March 14, 2023
DOCKET	2:21-cv-01639 WBS CKD
DISPOSITION	other
PROCEDURAL POSTURE	The court considered plaintiff's unopposed motion for preliminary approval of a class action settlement in wage-and-hour and PAGA litigation.
STANDARD OF REVIEW	The court evaluated whether the proposed class settlement was fair, reasonable, and adequate for purposes of preliminary approval.
PRECEDENTIAL VALUE	unpublished
PARTIES	Dorcac-Cothy Kabasele v. Ulta Salon, Cosmetics & Fragrance, Inc., Does 1-100

TOPICS

- class actions
- wage and hour
- civil procedure
- damages
- remedies

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the court could preliminarily approve the proposed class settlement when counsel had not provided meaningful supporting data for the maximum exposure estimate or a sufficient analysis of the claims, defenses, litigation risks, and steep settlement discount.
2. What supplemental information was required for the court to determine whether the proposed settlement was fair, reasonable, and adequate.

HOLDINGS

1. A court cannot meaningfully evaluate or preliminarily approve a class settlement when counsel provides only conclusory estimates of maximum exposure and insufficient analysis of the strengths and weaknesses of the claims and defenses, particularly where the settlement represents a substantially discounted percentage of the estimated recovery.

KEY QUOTATIONS

“Balancing the class’s potential recovery against the amount offered in settlement is perhaps the most important factor to consider in preliminary approval, not a hollow exercise in which the Court blindly accepts the parties’ unsupported assertions.” (at 4)

“Accordingly, the court requires more information to assess whether the proposed settlement is fair, reasonable, and adequate for purposes of preliminary approval.” (at 4)

FACTUAL BACKGROUND

Plaintiff alleged wage-and-hour violations and sought civil penalties under the Private Attorneys General Act. Plaintiff's counsel estimated maximum wage-and-hour and PAGA exposure at \$35,329,927, later discounted the estimated recovery to \$7,474,362, and proposed a gross settlement of \$1,500,000. The court found the valuation estimates and explanations for the substantial discounts largely conclusory, particularly after learning that the putative class contained approximately 18,000 rather than 118,000 members.

PROCEDURAL HISTORY

Plaintiff moved for preliminary approval of a proposed \$1,500,000 class settlement. At the March 6, 2023 hearing, plaintiff's counsel corrected the estimated putative class size from approximately 118,000 members to approximately 18,000 members. Because the court's initial review had relied on the incorrect class-size estimate and counsel had not adequately supported the valuation and discount calculations, the court required simultaneous supplemental briefing before deciding whether to grant preliminary approval.

DISPOSITION

other

CASES CITED

- Cavazos v. Salas Concrete, Inc., No. 1:19-cv-00062 DAD EPG, 2022 WL 2918361, at *6 (E.D. Cal. July 25, 2022)
- Almanzar v. Home Depot U.S.A., Inc., No. 2:20-cv-0699 KJN, 2022 WL 2817435, at *12 (E.D. Cal. July 19, 2022)
- Hunt v. VEP Healthcare, Inc., No. 16-cv-04790 VC, 2017 WL 3608297, at *1 (N.D. Cal. Aug. 22, 2017)
- O'Connor v. Uber Techs., Inc., 201 F. Supp. 3d 1110, 1129, 1132, 1132 n.18, 1135 (N.D. Cal. 2016)
- Balderas v. Massage Envy Franchising, LLC, No. 12-cv-06327 NC, 2014 WL 3610945, at *5 (N.D. Cal. July 21, 2014)
- Eddings v. DS Servs. of Am., Inc., No. 15-cv-02576 VC, 2016 WL 3390477, at *1 (N.D. Cal. May 20, 2016)
- Beltran v. Olam Spices & Vegetables, Inc., No. 1:18-cv-01676 SAB, 2020 WL 2850211, at *8 (E.D. Cal. June 2, 2020)
- Haralson v. U.S. Aviation Servs. Corp., 383 F. Supp. 3d 959, 970 (N.D. Cal. 2019)

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