UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Naro v. Walgreen Co.

No. 22-cv-03170-JST (N.D. Cal. July 8, 2025) · No. 22-cv-03170-JST · Decided July 8, 2025

SUMMARY

The United States District Court for the Northern District of California granted Plaintiffs' unopposed motion for preliminary approval of a class action and PAGA representative action settlement involving alleged failure to reimburse employees for required replacement uniforms. The Court found that revisions to the named plaintiffs' release, notice response period, and opportunity to object to attorney's fees resolved deficiencies identified in an earlier settlement proposal. The Court approved the proposed notice and process and set deadlines for notice, objections, final approval, and the final approval hearing.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Jon S. Tigar
JURISDICTION	United States District Court for the Northern District of California
DECIDED	July 8, 2025
DOCKET	22-cv-03170-JST
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved for preliminary approval of an unopposed class action and PAGA representative action settlement after the Court previously denied a first settlement proposal without prejudice.
STANDARD OF REVIEW	At the preliminary approval stage, the Court determines whether it will likely be able to approve the settlement under Federal Rule of Civil Procedure 23(e)(2) and certify the class for purposes of judgment, including whether the proposal appears fair, reasonable, adequate, and free from collusion and falls within the range of possible approval.
PARTIES	Serena Naro, Trish Gonzales, Settlement Class Members v. Walgreen Co., Walgreen Pharmacy Services Midwest, LCC, Does 1–15

QUESTIONS PRESENTED

1. Whether the revised class action and PAGA representative action settlement was sufficiently fair, reasonable, adequate, and free from collusion to warrant preliminary approval under Federal Rule of Civil Procedure 23.
2. Whether the revised settlement resolved the deficiencies previously identified by the Court concerning the named plaintiffs' general release, the class-member response period, and objections to attorney-fee and cost requests.
3. Whether the proposed notice and notice process should be approved and the case stayed pending final approval proceedings.

HOLDINGS

1. Preliminary approval was appropriate because the revised settlement appeared to be the product of serious, informed, non-collusive negotiations and fell within the range of possible approval.
2. The revised general-release provision did not preclude preliminary approval because the revision changed the consideration language and resolved the potential conflict of interest at this stage.
3. The proposed notice process was adequate because the revised agreement provided class members 60 days after mailing of notice to opt out or object.
4. The revised settlement adequately protected class members' objection rights by allowing written objections to the motion for attorney's fees and costs before the final approval hearing.

KEY QUOTATIONS

> *"Preliminary approval is appropriate if "the proposed settlement appears to be the product of serious, informed, non-collusive negotiations, has no obvious deficiencies, does not improperly grant preferential"* (at 2)

FACTUAL BACKGROUND

Plaintiffs alleged that Walgreen Co. and related defendants required employees to wear replacement uniforms but failed to reimburse necessary business expenses incurred in purchasing those uniforms. The claims included alleged violations of California Labor Code section 2802, PAGA, Wage Order No. 7, and the Unfair Competition Law. The parties negotiated a revised settlement after the Court identified deficiencies in an earlier proposal, including a broad release tied to named-plaintiff incentive payments, an insufficient notice response period, and a lack of an opportunity to object to attorney-fee requests.

PROCEDURAL HISTORY

Plaintiffs filed the action on May 31, 2022, alleging that Defendants failed to reimburse required replacement-uniform expenses and violated California wage, PAGA, and unfair-competition laws. The Court granted Defendants' motion to dismiss without prejudice, after which Plaintiffs amended their complaint. The Court denied Plaintiffs' first motion for preliminary settlement approval without prejudice, and Plaintiffs filed a renewed motion on February 13, 2025. The Court granted the renewed motion, approved the proposed notice and notice process, set deadlines for settlement administration and final approval, and stayed other proceedings pending further order.

DISPOSITION

other

OPINION

1 2 3 4 UNITED STATES DISTRICT COURT 5 NORTHERN DISTRICT OF CALIFORNIA 6 7 SERENA NARO, et al., Case No. 22-cv-03170-JST 8 Plaintiffs, ORDER GRANTING PLAINTIFFS’ 9 v. MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND 10 WALGREEN CO, et al., PAGA REPRESENTATIVE ACTION SETTLEMENT Defendants. 11 Re: ECF No. 66 12 13 Before the Court is Plaintiffs’ unopposed motion for preliminary approval of class action 14 settlement.

ECF No. 60. For the reasons set forth below, the Court will grant the motion. 15 I. BACKGROUND 16 Plaintiffs Serena Naro and Trish Gonzales, representatives of the California Labor & 17 Workforce Development Agency (collectively “Plaintiffs”), bring suit against Defendants 18 Walgreen Co., Walgreen Pharmacy Services Midwest, LCC, and Does 1–15 (collectively, 19 “Defendants”).

ECF No. 33 ¶ 1. Plaintiffs allege that Defendants failed to “reimburse for 20 necessary business expenses, namely expenses incurred in purchasing replacement uniforms 21 which Defendants[] required Plaintiffs to wear each shift.” Id. ¶ 5. Plaintiffs allege violations of 22 the California Labor Code, including for failure to reimburse for business expenses (Cal.

Lab. 23 Code § 2802); the Private Attorneys General Act (Cal. Lab. Code § 2698 et seq.; “PAGA”); IWC 24 Wage Order No. 7 (Cal. Code Regs. tit. 8, § 11070; “Wage Order”); and the Unfair Competition 25 Law (Cal. Bus. & Profs. Code § 17200, et seq.; “UCL”). Id. 26 Plaintiffs filed this action on May 31, 2022. ECF No. 1.

After briefing, the Court granted 27 Defendants’ motion to dismiss without prejudice. ECF No. 32. Plaintiffs amended their 1 discovery and ADR. On June 6, 2024, Plaintiffs filed a motion for preliminary approval of class 2 action and PAGA representation action settlement, ECF No. 60, which the Court denied without 3 prejudice, ECF No. 65. Plaintiffs filed their second unopposed motion for preliminary settlement 4 approval on February 13, 2025.

ECF No. 66. 5 II. JURISDICTION 6 The Court has jurisdiction pursuant to 28 U.S.C. § 1332. 7 III. LEGAL STANDARD 8 The Ninth Circuit maintains a “strong judicial policy” that favors the settlement of class 9 actions. Class Plaintiffs v. City of Seattle, 955 F.2d 1268, 1276 (9th Cir. 1992). Rule 23 requires 10 courts to employ a two-step process in evaluating a class action settlement.

First, the parties must show “that the court will likely be able to... (i) approve the proposal under Rule 23(e)(2).” Fed. R. Civ. P. 23(e)(1)(B). In other words, a court must make a preliminary determination that the settlement “is fair, reasonable, and adequate” when considering the factors set out in Rule 23(e)(2). If no class has yet been certified, a court must make a preliminary finding that it “will likely be able to... (ii) certify the class for purposes of judgment on the proposal.” Fed.

R. Civ. P. 23(e)(1)(B). If the court makes these preliminary findings, it “must direct notice in a reasonable manner to all class members who would be bound by the proposal.” Id. Second, courts must hold a hearing pursuant to Rule 23(e)(2) to make a final determination of whether the settlement is “fair, reasonable, and adequate.” Fed. R. Civ. P. 23(e)(2).

The Court’s task at the preliminary approval stage is to determine whether the settlement falls “within the range of possible approval.” In re Tableware Antitrust Litig., 484 F. Supp. 2d 1078, 1079 (N.D. Cal. 2007) (quoting Schwartz v. Dallas Cowboys Football Club, Ltd., 157 F. Supp. 2d 561, 570 n.12 (E.D. Pa. 2001)). Courts “must be particularly vigilant not only for explicit collusion, but also for more subtle signs that class counsel have allowed pursuit of their own self-interests and that of certain class members to infect the negotiations.” In re Bluetooth Headset Prods.

Liab. Litig., 654 F.3d 935, 947 (9th Cir. 2011). Preliminary approval is appropriate if “the proposed settlement appears to be the product of serious, informed, non- treatment to class representatives or segments of the class, and falls within the range of possible approval.” Tableware, 484 F. Supp. 2d at 1079 (quoting Schwartz, 157 F. Supp. 2d at 570 n.12).

The proposed settlement need not be ideal, but it must be fair and free of collusion, consistent with counsel’s fiduciary obligations to the class. Hanlon v. Chrysler Corp., 150 F.3d 1011, 1027 (9th Cir. 1998), overruled on other grounds by Wal-Mart Stores, Inc. v. Dukes, 564 U.S. 338 (2011) (“Settlement is the offspring of compromise; the question we address is not whether the final product could be prettier, smarter or snazzier, but whether it is fair, adequate and free from collusion.”).

To assess a settlement proposal, courts must balance a number of factors: [T]he strength of the plaintiffs’ case; the risk, expense, complexity, and likely duration of further litigation; the risk of maintaining class action status throughout the trial; the amount offered in settlement; the extent of discovery completed and the stage of the proceedings; the experience and views of counsel; the presence of a governmental participant; and the reaction of the class members to the proposed settlement.

Id. at 1026 (quoting Torrisi v. Tucson Elec. Power Co., 8 F.3d 1370, 1375 (9th Cir. 1993)). The proposed settlement must be “taken as a whole, rather than the individual component parts,” in the examination for overall fairness. Id. Courts do not have the ability to “delete, modify, or substitute certain provisions;” the settlement “must stand or fall in its entirety.” Id. (quoting Officers for Justice v. Civ.

Serv. Comm’n of City & Cnty. of San Francisco, 688 F.2d 615, 630 (9th Cir. 1982). IV. DISCUSSION The Court previously denied the parties’ first proposed settlement agreement based on deficiencies in the key terms of the settlement. See ECF No. 65.

The Court now addresses each deficiency in turn to determine whether the issues have been resolved. 1. Named Plaintiffs’ General Release The Court first took issue with the Named Plaintiffs’ release provision because it placed the Named Plaintiffs in conflict with the settlement class. ECF No. 65 at 1.

The Court noted that in addition to agreeing to release the claims asserted in the complaint, the Named Plaintiffs agreed to “fully and finally release and discharge the Released Parties from all known and unknown whatsoever, up to the date of the Court’s final approval of the Settlement Agreement,” ECF No. 66-1 ¶ 34(d), as a part of the consideration for a $10,000 incentive award.

Id. The Court was specifically concerned about the incentive payments awarded in exchange for general releases, because they “appear to be completely divorced from any benefit or service to the class.” Roes, 1–2 v. SFBSC Mgmt., LLC, 944 F.3d 1035, 1056 (9th Cir. 2019).

As such, the Court explained that it would not approve a settlement agreement containing that provision. ECF No. 65 at 2. In their renewed motion, the parties retained the general release language but replaced the clause “[i]n consideration for the service payments being paid to Plaintiffs” with “[i]n exchange for the consideration provided by Defendant.” ECF No. 66 at 11.

The Court finds that Plaintiffs’ revision resolves the potential conflict of interest and that the Named Plaintiffs’ execution of a broader release is within the range of possible approval for this stage. See Connelly v. Starbucks Corp., No. 1:21-CV-00746-SAB, 2023 WL 6387077, at *7 (E.D. Cal. Sept. 29, 2023) (permitting general release for named plaintiff); Guerrero-Hernandez v. Ozburn-Hessey Logistics, LLC, No. ED CV16-01422 JAK (AFMx), 2020 WL 10828063, at *10 (C.D.

Cal. Feb. 27, 2020) (same). 2. Response Period to Notice of Settlement Next, the Court noted that the parties’ proposed notice of settlement must contain a response period of at least 60 days for class members to opt out or file objections after notice is mailed to the class. ECF No. 65 at 2.

The new agreement provides class members a response period of 60 days. ECF No. 66–1 ¶ 10(k). This resolves the prior deficiency. 3. Opportunity to Object to Motion for Attorney’s

Fees 21 Finally, the Court held that the parties did not provide an opportunity for class members to 22 object to Plaintiffs' anticipation motion for attorney's fees with the final approval papers.

ECF 23 No. 65 at 2. In response, the parties added language providing such an opportunity: 24 Any Settlement Class Member who intends to object to Plaintiff's Motion for Attorney's Fees and Costs must (1) file a written objection 25 with the Court no later than 14 calendar days prior to the Final Hearing and (2) mail or personally deliver a copy of the written 26 objection to Class Counsel and Defendants' Counsel on the same day as the objection is sent to the Court....

27 1 The Court finds that the parties' added language resolves the deficiency the Court 2 previously noted. 3 4. Other Observations 4 The Court offered additional observations for the parties to consider, which included (1) 5 the need for the parties to justify a deviation from the attorney's fee benchmark of twenty-five 6 percent of the entire common fund, and (2) some considerations regarding the value of settlement 7 compared to what Plaintiffs might have recovered if they had prevailed at trial.

ECF No. 65 at 3– 8 5. As previously mentioned, id. at 3, the Court will not rule on the first issue at this stage of the 9 class action settlement. As to the second issue, the Court previously noted, notwithstanding the 10 issues it raised, that it was "likely to conclude that the amount offered in settlement is reasonable." 11 Id. at 4–5 ("The $100,000 proposed to be allocated to PAGA penalties represents approximately 12 3.3% of the maximum PAGA liability, and courts in this circuit have regularly approved 13 settlement amounts constituting single digit percentages of the PAGA penalty." (citing cases)).

14 That remains true. 15 CONCLUSION 16 For the foregoing reasons, Plaintiffs' motion for preliminary approval of the proposed 17 settlement is granted. The Court hereby approves the proposed Notice of Settlement and the 18 proposed notice process, and adopts the following dates and deadlines: 19 / / / 20 / / / 21 / / / 22 / / / 23 / / / 24 / / / 25 / / / 26 / / / 27 / / / 1 Deadline for Defendants to pay the The latest of: Administrator all mounts awarded and 2 approved by the Court ("Payment Date") • 15 business days following the entry of a Judgment finally approving this 3 Settlement; or 4 • If an objection is filed, 15 business days after any deadline to file an 5 appeal has expired; or 6 • If an appeal has been taken or sought, 15 business days after the Judgment is 7 finally affirmed by an appellate court with no possibility of subsequent 8 appeal or judicial review, or the date the appeal(s) or reviews are finally 9 dismissed 10 Deadline for Defendants to provide to July 18, 2025 11 Administrator a list containing, for each Class Member, the following information: (1) name; 12 (2) last known address, email address (to the extent such information is maintained in 13 Defendants' Human Resources Information System) and phone number (to the extent such 14 information is maintained in Defendants' Human Resources Information System); (3) 15 Social Security number; (4) the total amount spent on clothing items purchased by each 16 Settlement Class Member at their own expense from one of Walgreens'

third-party clothing 17 vendors during the Class Period; and (5) the total number of pay periods that each 18 Aggrieved Employee purchased clothing items at their own expense from one of Walgreens' 19 third-party clothing vendors during the PAGA Period.

20 21 Deadline for Administrator to mail and email July 29, 2025 the Class Notice to Class Members 22 23 Deadline for Settlement Class Members to September 29, 2025 postmark request to opt-out or file objections 24 to the Settlement 25 Deadline for Administrator to provide the December 29, 2025 26 Court with a declaration attesting to completion of the notice process 27 1 Deadline for filing of Final Approval Motion October 29, 2025 and Motion for Attorney's Fees, including 2 responses to Class Members' objections to the Settlement 3 4 Deadline for Settlement Class Members to file December 4, 2025 objections to the Motion for Attorney's Fees 5 6 Deadline for filing of Response to Class December 11, 2025 Members' objections to the Motion for 7 Attorney's Fees 8 Final Approval Hearing January 8, 2026 at 2:00 p.m. via Zoom 9 webinar 10 Effective Date The date that the Court's judgment approving 11 this settlement becomes final.

For purposes of this Agreement, the judgment "becomes final" 12 upon the last to occur of the following: 13 i. The entry of a judgment finally approving this Settlement, provided no 14 objection is made to this Settlement prior to or at the hearing for approval of this 15 Settlement, or if any objection is made, but is resolved formally and withdrawn 16 prior to the final approval hearing of this Settlement.

17 ii. If an objection to this Settlement is made 18 before or at the hearing for approval (that is not resolved prior to the hearing and is 19 formally withdrawn), thirty-one (31) calendar days after the Judgment is 20 entered, provided no appeal is filed. 21 iii. If an appeal has been taken or sought, seven (7) calendar days after the date the 22 Judgment is finally affirmed by an appellate court with no possibility of 23 subsequent appeal or other judicial review, or the date the appeal(s) or other 24 judicial review are finally dismissed (and upholding the Settlement) with no 25 possibility of subsequent appeal or other judicial review.

26 27 Deadline for Administrator to make all Within ten (10) business days of the Payment 1 Check-cashing deadline 180 days after issuance 2 Deadline for Administrator to distribute As soon as practicable after check-cashing 3 uncashed check funds to cy pres deadline 4 Deadline for Plaintiffs to file a Post- Within 21 days after the distribution of any 5 Distribution Accounting remaining monies to the cy pres recipient 6 5 The Court further orders that, pending further order of this Court, all proceedings in this 3 Action, except those contemplated herein and in the Settlement, are stayed, and all deadlines are vacated.

9 10 IT IS SO ORDERED. Dated: July 8, 2025 11 zs 12 JON S. TIG United States District Judge 13 © 15 16 = 17 Z 18 19 20 21 22 23 24 25 26 27 28

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