

SUPERIOR COURT OF CALIFORNIA, COUNTY OF VENTURA
Superior Court of California, County of Ventura, Juvenile Courthouse, Department J4

202100557901CUOE
Dorian Hood vs. Yardi Systems Inc

June 17, 2025
8:20 AM

Judge: Honorable Charmaine H Buehner
Judicial Assistant: Jerry Ricardez
CSR: None

APPEARANCES:

Kyle Nordrehaug, counsel, present for Plaintiff(s) remotely via video.

Jack Baumann, counsel, present for Defendant(s) remotely via video.

Brantley Pepperman, counsel, present for Defendant(s) remotely via video.

NATURE OF PROCEEDINGS: Motion for Preliminary Approval of Class Settlement

NATURE OF PROCEEDINGS: Case Management Conference

Court Proceedings were conducted using Zoom video conferencing.

9:11 AM Court convenes in this matter with all parties and/or counsel present as previously indicated.

Counsel have received and read the Court's written tentative ruling.

Plaintiff's counsel, Kyle Nordrehaug, submit on the Court's tentative ruling.

Defendant's counsel, Jack Baumann, submit on the Court's tentative ruling.

Defendant's counsel, Brantley Pepperman, submit on the Court's tentative ruling.

The Court finds/orders:

The Court's tentative is adopted as the Court's ruling as follows:

Ruling:

The proposed settlement adequately addresses the issues raised by Plaintiffs in their class action/PAGA Complaint. A copy of the executed Settlement Agreement more fully describing the terms and conditions of settlement is attached to the Declaration of Plaintiffs' counsel as Exhibit 1.

Plaintiffs' request for preliminary approval appears to fully meet the requirements of the applicable California Rules of Court and the *Dunk* factors. (See *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794.) The Court GRANTS the request for preliminary approval of class action settlement and sets this matter for a future hearing on or about November 4, 2025, on final approval of the class action settlement.

Background:

Plaintiff moves for preliminary approval of the class settlement pursuant to California Rules of Court, rule 3.769. Plaintiff seeks the following relief:

- Preliminary approval of the proposed settlement as fair, reasonable, and adequate.
- Conditional certification of the settlement class and four subclasses for settlement purposes only.
- Appointment of class representatives and class counsel.
- Approval of the notice plan, including form, content, and method of distribution.
- Appointment of a settlement administrator (Apex Class Action, LLC).
- Scheduling of a final approval hearing.

The motion is unopposed.

Discussion:*Standard of Review*

California Rule of Court 3.769 sets forth the general procedures for settlement of a class action, and provides as follows:

“(a) **Court approval** after hearing. A settlement or compromise of an entire class action, or of a cause of action in a class action, or as to a party, requires the approval of the court after hearing.

(b) **Attorney’s fees.** Any agreement, express or implied, that has been entered into with respect to the payment of attorney’s fees or the submission of an application for the approval of attorney’s fees must be set forth in full in any application for approval of the dismissal or settlement of an action that has been certified as a class action.

(c) **Preliminary approval of settlement.** Any party to a settlement agreement may serve and file a written notice of motion for preliminary approval of the settlement. The settlement agreement and proposed notice to class members must be filed with the motion, and the proposed order must be lodged with the motion.

(d) **Order certifying provisional settlement class.** The court may make an order approving or denying certification of a provisional settlement class after the preliminary settlement hearing.

(e) **Order for final approval hearing.** If the court grants preliminary approval, its order must include the time, date, and place of the final approval hearing; the notice to be given

to the class; and any other matters deemed necessary for the proper conduct of a settlement hearing.

(f) **Notice to class of final approval hearing.** If the court has certified the action as a class action, notice of the final approval hearing must be given to the class members in the manner specified by the court. The notice must contain an explanation of the proposed settlement and procedures for class members to follow in filing written objections to it and in arranging to appear at the settlement hearing and state any objections to the proposed settlement.

(g) **Conduct of final approval hearing.** Before final approval, the court must conduct an inquiry into the fairness of the proposed settlement.

(h) **Judgment and retention of jurisdiction to enforce.** If the court approves the settlement agreement after the final approval hearing, the court must make and enter judgment. The judgment must include a provision for the retention of the court's jurisdiction over the parties to enforce the terms of the judgment. The court may not enter an order dismissing the action at the same time as, or after, entry of judgment."

The Terms of the Proposed Settlement

Here, the gross settlement amount is \$1,200,000 and is non-reversionary. After deductions for attorneys' fees (not to exceed one-third of the fund, or \$400,000), litigation expenses (not to exceed \$90,000), service awards for the two named Plaintiffs (\$10,000 each), settlement administration costs (estimated at \$16,500), and the \$244,275 PAGA allocation (75% to the LWDA), the net settlement will be distributed to class members based on workweeks.

After deductions, the net settlement fund available for distribution to class members is approximately \$429,225. Distribution will be pro-rata based on the number of workweeks within subclass eligibility periods. Based upon 1,161 Class Members who worked an estimated 22,808 work weeks (Agreement at ¶ 4.1), the Gross Settlement Amount provides an average value of \$1,033 per Class Member and \$52 per workweek and after deductions the Net Settlement Amount provides an average recovery of **\$369.70** per Class Member and a recovery of \$18.81 per workweek.

Provisional Certification of the Settlement Class

Although California does not strictly follow Federal Rule of Civil Procedure, Rule 23 with respect to the requirements for certification of a class action, California courts have developed certain standards for certification:

"We quite recently reviewed the established standards for class certification generally. [Citation.] Code of Civil Procedure section 382 authorizes class actions 'when the question is one of a common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the court' The party seeking certification has the burden to establish the existence of both an ascertainable class and a well-defined community of interest among class members. [Citation.] The 'community of interest' requirement embodies three factors: (1) predominant common

questions of law or fact; (2) class representatives with claims or defenses typical of the class; and (3) class representatives who can adequately represent the class. [Citation.]

“The certification question is ‘essentially a procedural one that does not ask whether an action is legally or factually meritorious.’ [Citation.] A trial court ruling on a certification motion determines ‘whether ... the issues which may be jointly tried, when compared with those requiring separate adjudication, are so numerous or substantial that the maintenance of a class action would be advantageous to the judicial process and to the litigants.’ [Citations.] The trial court in this case determined that plaintiffs had established by a preponderance of the evidence that common issues predominate and ruled that a class action is ‘superior to alternate means for a fair and efficient adjudication of the litigation.’

(*Sav-On Drug Stores, Inc. v. Sup. Ct.* (2004) 34 Cal.4th 319, 326.)

Based on the above, the general requirements for certification of a class action are (1) existence of an ascertainable class, and (2) a well-defined community of interest in the questions of law and fact involved. In determining whether there is well-defined community of interest, the Court must consider three main factors: whether there are (a) predominant common questions of law or fact (“commonality” requirement); (b) class representatives with claims or defenses typical of the class (“typicality” requirement); and (c) class representatives who can adequately represent the class (“adequate representation” requirement). The party seeking certification has the burden of establishing the factual prerequisites for a class action treatment. Moreover, the party seeking certification bears the burden of establishing the existence of both an ascertainable class and a well-defined community of interest among class members.

The case law on settlement classes does not appear to be entirely consistent, but there does appear to be some authority for the proposition that the class certification requirements are substantially relaxed for settlement-only classes. (See, e.g., *Global Minerals & Metals Corp. v. Sup. Ct.* (2003) 113 Cal.App.4th 836, 859; *Dunk v. Ford Motor Company* (1996) 48 Cal.App.4th 1794, 1807, fn. 19.) Stated differently, as long as there is an ascertainable class and some reasonable basis for class treatment, the Court probably should not enforce the class requirements too strictly with respect to a settlement class.

The settlement in *Hood v. Yardi Systems, Inc.* involves four distinct subclasses of California-based non-exempt employees, each defined by specific wage-and-hour claims. The general description of the settlement classes is as follows:

1. **Meal Period Class:** This subclass includes employees who allege they were not provided compliant meal periods as required under California law, either because meal periods were missed, shortened, or not properly recorded, based on uniform employer policies.
2. **Regular Rate – Commission Class:** This group consists of employees who received commission-based compensation but allege that their regular rate of pay did not include commissions for purposes of calculating overtime and other premium wages.
3. **Regular Rate – Bonus Class:** Similar to the Commission Class, this subclass includes employees who earned bonuses that were allegedly excluded from their regular rate of pay when calculating overtime compensation.

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4. **Reimbursement Class:** This subclass includes employees who allege that they were required to use personal resources (e.g., cell phones) for work-related purposes without being properly reimburse.

Each subclass is tailored to a specific legal theory of liability under California labor laws, and all members were employed by Yardi Systems, Inc. in California during the applicable class period.

The Proposed Procedure for Notice to Class members, Opting Out, and Objecting

Here, the Class Notice is designed to inform Class Members of the terms of the proposed settlement and their rights under it. The notice will be sent via first-class U.S. mail to all identified Class Members using updated address information validated through the National Change of Address (NCOA) database.

Class Members will have **sixty (60) calendar days** from the mailing date—referred to as the “Response Deadline”—to take one of three actions:

1. **Do Nothing:** Class Members who do nothing will automatically receive a settlement payment and will be bound by the settlement terms, including the release of claims.
2. **Opt Out:** Class Members who do not wish to participate in the settlement must submit a signed written request for exclusion to the Settlement Administrator by the Response Deadline. Those who opt out will not receive any payment and will retain the right to bring separate legal claims.
3. **Object:** Class Members who want to object to the settlement, including the requested attorneys’ fees or service awards, must submit a written objection to the Settlement Administrator by the Response Deadline. They may also appear at the Final Approval Hearing to be heard by the Court, although appearing is not required to preserve the objection.

The notice explains these rights in detail, along with instructions for submitting objections or opt-out requests. It also identifies the date of the Final Approval Hearing and provides contact information for the Settlement Administrator, including access to a toll-free number and a case-specific website.

The Settlement Appears to be Within the Range of Possible Approval, and Therefor the Court Should Preliminarily Approve It

California Rule of Court 3.769(c) does not set forth any standards for granting preliminary approval of a class action settlement, nor does there appear to be any California authority directly on point. **[In particular, virtually all of the published cases address the standards for final approval (or disapproval) of class settlements.]** However, some guidance as to the general nature of the Court’s inquiry can be gleaned from the authorities and the standards for final approval of class settlements.

A pre-certification class settlement should be subjected to careful scrutiny by the trial court and is subject to final approval only if the trial judge finds that the proposed settlement is fair,

adequate, and reasonable. (See *Wershba v. Apple Computer* (2001) 91 Cal.App.4th 224, 240.)

The Court has wide discretion in determining whether a proposed settlement is fair and reasonable **[by implication, the Court also has wide discretion in determining, for the purposes of preliminary approval, whether the settlement falls within a “range of reasonableness”]:**

“ ‘ “[T]o prevent fraud, collusion or unfairness to the class, the settlement or dismissal of a class action requires court approval.’ “ [Citations.] The court must determine the settlement is fair, adequate, and reasonable. [Citations.] The purpose of the requirement is ‘the protection of those class members, including the named plaintiffs, whose rights may not have been given due regard by the negotiating parties.’ [Citation.]

“The trial court has broad discretion to determine whether the settlement is fair. [Citation.] It should consider relevant factors, such as the strength of plaintiffs’ case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through 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. [Citation.] The list of factors is not exhaustive and should be tailored to each case. Due regard should be given to what is otherwise a private consensual agreement between the parties. The inquiry ‘must be limited to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and adequate to all concerned.’ [Citation.] ‘Ultimately, the [trial] court’s determination is nothing more than “an amalgam of delicate balancing, gross approximations and rough justice.” [Citation.]’ [Citation.]

“Geer urges the burden was on Dunk to show the settlement was fair, adequate, and reasonable, but cites no case or statute for that proposition. [Citations.] However, since some federal cases seem to assume the burden is on the proponents, we will presume, for the sake of argument, the premise is correct. [Citations.]

“Assuming the burden is on the proponents, a presumption of fairness exists where: (1) the settlement is reached through arm’s-length bargaining; (2) investigation and discovery are sufficient to allow counsel and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is small. [Citations.]”

(*Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1800-1802.)

Here, The parties participated in a private mediation session on December 19, 2024, with experienced wage-and-hour mediator Brandon McKelvey. Prior to mediation, both sides exchanged relevant information and engaged in discovery, including the production of class data and evaluation of potential damages with the assistance of Plaintiffs’ consulting expert, Berger Consulting Group.

The negotiation process was informed, adversarial, and conducted independently of any

collusion. The mediator facilitated discussions but did not impose a resolution. Instead, the parties arrived at the agreement voluntarily after fully assessing litigation risks, certification issues, potential exposure, and the strength of each side's legal arguments. The settlement terms were memorialized first in a memorandum of understanding, and later formalized into a long-form agreement.

The Court finds that the first *Dunk* factor is met.

Plaintiffs and their counsel conducted a thorough pre-settlement investigation into the underlying facts, liability exposure, and potential damages. Counsel interviewed the named plaintiffs and other class members, reviewed Yardi's policies and practices, and engaged in formal discovery, including the production of employment data. Plaintiffs' counsel also reviewed time records, wage statements, and other documents relevant to determining whether meal and rest break violations occurred and whether non-discretionary compensation (bonuses and commissions) were properly factored into the regular rate of pay.

Plaintiffs also retained Berger Consulting Group to perform an expert damages analysis. Using Yardi's class data, Berger estimated maximum potential damages for the four subclasses—including regular rate violations, meal and rest period premiums, and unreimbursed business expenses—totaling approximately **\$743,933**. When statutory penalties and interest were added, Yardi's **total exposure was projected to exceed \$9 million**.

Despite this theoretical exposure, Plaintiffs acknowledged significant litigation risks, including defenses based on *Brinker v. Superior Court* and *Naranjo v. Spectrum Security Services, Inc.*, challenges to class certification, and factual disputes over the alleged violations. These risks were factored into the settlement value during mediation, resulting in a \$1.2 million non-reversionary settlement fund.

The Court finds that the second *Dunk* factor is met.

As to the third *Dunk* factor, Blumenthal Nordrehaug Bhowmik De Blouw LLP appears to meet the criteria for appointment as Class Counsel. The firm's founding partners have practiced in wage-and-hour litigation for more than two decades and have served as lead or co-lead counsel in several hundred certified class or representative actions involving California Labor Code claims similar to those alleged here. The declaration of Kyle Nordrehaug states that courts have approved the firm as adequate class counsel in both contested certification proceedings and in the settlement context and lists recent fee awards in cases of comparable size and complexity.

In this action the firm obtained and reviewed Yardi's payroll, time-punch, and policy data, deposed defense witnesses, and retained Berger Consulting to perform a damages analysis. Counsel participated in a full-day mediation with Brandon McKelvey, exchanged expert valuations, and negotiated the memorandum of understanding that became the proposed settlement. The named plaintiffs confirm that counsel maintained regular contact, explained litigation risks, and provided access to all significant filings. No party identifies any financial or personal conflict between counsel and the class, and counsel states that the firm represents only employees in wage-and-hour matters and has never represented Yardi or any related entity. These facts support a finding, for settlement purposes, that proposed Class Counsel possesses the experience, resources, and diligence required by Code of Civil Procedure section 382 and

California Rules of Court, rule 3.769(g).

The final *Dunk* factor is not yet clear and will need to be evaluated by the Court at the final approval hearing.

Attorney's Fees

Class Counsel requests an award of attorneys' fees in the amount of **\$400,000**, which represents one-third of the \$1,200,000 Gross Settlement Amount. According to the declaration of Kyle Nordrehaug, this percentage is consistent with the firm's standard contingency fee agreements and with awards granted in similar wage-and-hour class actions. Counsel also indicates that this amount will be subject to a lodestar cross-check and will not reduce the amount allocated to class members, as the fees are drawn from the gross fund.

Class Counsel has not yet submitted detailed billing records but represents that the time and effort expended—through investigation, discovery, expert analysis, mediation, and settlement drafting—will support the reasonableness of the fee request at final approval. The fee request is also disclosed in the Class Notice, and class members will have an opportunity to object prior to the final fairness hearing.

This amount is reasonable. Without the potential for recovery of substantial attorney's fees, class actions would rarely be filed because class counsel must devote considerable time to investigating and litigating such cases and will only recover fees and costs if successful. As a result, awarding generous (albeit not excessive) attorney's fees serves the public policies reflected in the labor laws by encouraging the filing of class actions, which tend to be the main mechanism for enforcement of such laws.

Attorney's Expenses

Class counsel requests a distribution for out-of-pocket expenses in an amount *not to exceed* \$90,000. The request for up to \$90,000 in costs will be subject to the Court's review at the final approval stage and is disclosed in the Class Notice. Class Members may object prior to final approval.

Plaintiff's Incentive Award

The proposed incentive award for each Plaintiff is \$10,000. This is less than one percent of the Gross Settlement Amount, although it appears significantly more than the average expected net payout to the class members and PAGA aggrieved employees. It appears that each of the two representatives have devoted significant amounts of time to assisting class counsel in prosecuting this case. The amount requested is routine and reasonable.

Class Administrator's Fees

Apex Class Action LLC as the administrator will be responsible for implementing notice, processing responses, and distributing settlement funds. According to the declaration of Michael Sutherland, Apex will handle all administration tasks, including mailing notices, managing opt-

outs and objections, calculating settlement shares, and issuing payments. Apex requests a total administration fee **not to exceed \$14,360**, which will be paid from the Gross Settlement Amount. This amount is based on anticipated workload and is subject to Court approval at the final fairness hearing. This amount is reasonable.

The proposed settlement adequately addresses the issues raised by Plaintiffs in their class action/PAGA Complaint. A copy of the executed Settlement Agreement more fully describing the terms and conditions of settlement is attached to the Declaration of Plaintiffs' counsel as Exhibit 1.

Plaintiffs' request for preliminary approval appears to fully meet the requirements of the applicable California Rules of Court and the *Dunk* factors. (See *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794.) The Court GRANTS the request for preliminary approval of class action settlement and set this matter for a future hearing on or about November 4, 2025, on final approval of the class action settlement.

Formal order signed.

Final Status Conference Final Approval is scheduled for 11/04/25 at 08:20 AM in Department J4 at Juvenile Courthouse.

Notice is waived.