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12
13 SUPERIOR COURT OF THE STATE OF CALIFORNIA
14 FOR THE COUNTY OF SACRAMENTO
15 GORDON D. SCHABER COURTHOUSE

16 LUCKY CHANCES, INC.; V C CARDROOM,
INC.; HALCYON GAMING, LLC; PACIFIC
17 GAMING SERVICES, LLC; BJ GAMING,
LLC; FORTUNE PLAYERS GROUP, INC.;
18 GOLD GAMING CONSULTANTS, INC.;
CERTIFIED PLAYERS, INC.; LE GAMING,
19 INC.; and RHINO GAMING INC., on their
own behalf and on behalf of those similarly
20 situated,

21 Plaintiffs and Petitioners,

22 vs.

23 THE STATE OF CALIFORNIA;
CALIFORNIA GAMBLING CONTROL
24 COMMISSION; BUREAU OF GAMBLING
CONTROL, A DIVISION OF THE
25 CALIFORNIA DEPARTMENT OF JUSTICE;
FIONA MA, in her official capacity as the State
26 Treasurer; and DOES 1 through 20, Inclusive,

27 Defendants and Respondents.
28

ELECTRONICALLY FILED
Superior Court of California
County of Sacramento

08/11/2025

By: R. Lopez Deputy

Case No. 34-2020-80003510-CU-WM-GDS

Judge: Lauri A. Damrell

**PLAINTIFFS' NOTICE OF AMENDED
MOTION AND AMENDED MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT; MEMORANDUM
OF POINTS AND AUTHORITIES**

RESERVATION NO. A-80003510-001

DATE: September 5, 2025

TIME: 9:00 a.m.

DEPT: 22

[Declarations and Exhibits; [Proposed] Order
filed concurrently herewith]

Action Filed: 5/12/2020

Trial Date: TBD

1 **NOTICE OF AMENDED MOTION**

2 PLEASE TAKE NOTICE that on September 5, 2025, at 9:00 a.m. in Department 22 of the
3 above entitled Court located at the Gordon D. Schaber Courthouse, 720 9th Street, Sacramento,
4 California 95814, Plaintiffs Lucky Chances, Inc., V C Cardroom Inc., Halcyon Gaming, LLC,
5 Pacific Gaming Services, LLC, BJ Gaming, LLC, Fortune Players Group, Inc., Gold Gaming
6 Consultants, Inc., Certified Players, Inc., L.E. Gaming, Inc., and Rhino Gaming Inc. (“Plaintiffs”)
7 will and hereby do move for an order:¹

8 • Granting preliminary approval of the proposed class action settlement set forth in the
9 Class Action Settlement Agreement and Release (“Settlement”), attached as Exhibit 1 to the
10 Declaration of Lucas K. Hori (“Hori Declaration”), as within a range suitable for final approval;

11 • Provisionally certifying for settlement purposes the class as defined in Section I.10
12 of the Settlement;

13 • Appointing Rutan & Tucker, LLP and J. Blonien, APLC as class counsel;

14 • Approving Plaintiffs as the class representatives;

15 • Approving Epiq as the settlement administrator;

16 • Approving the notice of settlement, claims form, and notice for publication, attached
17 as Exhibits 2, 3, and 4, respectively, to Settlement;

18 • Approving the plan for the notice of settlement attached as Exhibit 5 to Settlement
19 and the process for providing that notice and opting out, as described in the Settlement;

20 • Directing the administrator to mail the notice of settlement in accordance with the
21 terms of the Settlement;

22 • Entering an order substantially in the form filed as a Proposed Order herewith; and

23 • Scheduling a hearing to consider whether to grant final approval of the Settlement,
24 at which time the Court will also consider Plaintiffs’ requests for attorneys’ fees and costs and

25 _____
26 ¹ On June 9, 2025, Plaintiffs filed a motion for preliminary approval of the Settlement noticed in
27 Department 32 before the then-assigned Honorable James P. Arguelles. On June 20, 2025, the Court
28 issued an order reassigning the case to this Court (Department 22). On June 25, 2025, the Clerk re-
set the hearing on this motion in Department and directed the Parties to review the Court’s checklist
for approval of class action settlement. To ensure compliance with the checklist given the
reassignment, Plaintiffs re-file this amended motion which comports with the Court’s checklist.
Plaintiffs are concurrently filing a notice of withdrawal of the June 9 filing.

1 service awards.

2 This motion is based upon the following Memorandum of Points and Authorities, the
3 concurrently filed Hori Declaration and Declarations of Jarhett Blonien, Michael Malakouti,
4 Cameron R. Azari, Tricia Castellanos, and Rommel Medina with their exhibits, the [Proposed]
5 Order filed concurrently with this motion, the pleadings and other records on file with the Court in
6 this matter, and such documentary evidence and oral argument as may be presented at the hearing
7 on this motion.

8 Dated: August 11, 2025

RUTAN & TUCKER, LLP
DAVID LANFERMAN
STEVEN J. GOON
LUCAS K. HORI

11 By: /s/ Lucas K. Hori
Lucas K. Hori

13 J. BLONIEN, APLC
JARHETT P. BLONIEN
DANIELLE M. GUARD

16 By: /s/ Danielle M. Guard
Danielle M. Guard

17 Attorneys for Plaintiffs and Petitioners

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1 **INTRODUCTION.**

2 Plaintiffs Lucky Chances, Inc., V C Cardroom Inc., Halcyon Gaming, LLC, Pacific Gaming
3 Services, LLC, BJ Gaming, LLC, Fortune Players Group, Inc., Gold Gaming Consultants, Inc.,
4 Certified Players, Inc., L.E. Gaming, Inc., and Rhino Gaming Inc. (“Plaintiffs”) seek preliminary
5 approval of the Class Action Settlement Agreement and Release (“Settlement”) entered into
6 between Plaintiffs, on the one hand, and the California Gambling Control Commission
7 (“Commission”) and Bureau of Gambling Control (“Bureau”), on the other hand.² After years of
8 litigation, Plaintiffs, Commission and Bureau (collectively, the “Parties) have reached a fair and
9 reasonable settlement resolving this action on a class basis in exchange for payment of \$43,300,000
10 (“Settlement Amount”). (Declaration of Lucas K. Hori in Support of Amended Motion for
11 Preliminary Approval of Class Action Settlement (“Hori Declaration”) ¶ 3, Ex. 1.) The Settlement
12 was reached through arms-length negotiations after the Parties had an opportunity to evaluate, and
13 conduct discovery on, the strength and weaknesses of the claims and defenses. (*Id.* ¶¶ 4–13.)

14 Through this Motion, Plaintiffs seek preliminary approval of the Settlement and its terms
15 described more fully below. (*See* Topics 13 / 15, *infra.*) Plaintiffs also seek to provisionally certify a
16 settlement class of cardrooms and proposition player providers as defined in the Settlement, and request
17 approval of the proposed plan for class notice. (*See* Topic 9, *infra.*) Plaintiffs further request approval of
18 (1) Plaintiffs as the class representatives, (2) Rutan & Tucker, LLP and J. Blonien, APLC (collectively,
19 “Class Counsel”) as class counsel, and (3) Epiq as the settlement administrator. Pursuant to the
20 Settlement’s terms, the Parties have stipulated to entry of the Proposed Order attached to the Hori
21 Declaration as Exhibit 5 to the Settlement and concurrently filed as a standalone document.³ Upon
22 preliminary approval of the Settlement and certification of the settlement class, Plaintiffs request a hearing
23 be set at least 200 days after the date of preliminary approval for a hearing on final approval, attorneys’
24 fees, and costs.

25 _____
26 ² In addition to the Bureau and Commission, the State of California (“State”) and the State
27 Treasurer (“Treasurer”) are also defendants. Together, this motion refers to the Commission,
28 Bureau, State, and Treasurer as “Defendants.” The Settlement is signed by the Commission and
Bureau; the State and Treasurer will be dismissed upon final approval. (Settlement, § X.2.ix.)

³ Pursuant to the concurrently filed stipulation among the parties, this memorandum is 25 pages
in length. If the Court believes additional briefing on any aspect of the Settlement is needed,
Plaintiffs are able to provide supplemental briefing before the preliminary approval hearing.

1 **TOPIC 1: GENERAL SUMMARY OF THE LITIGATION.**⁴

2 **A. Litigation Background.**

3 Plaintiffs filed their verified class action complaint (“Complaint”) on May 12, 2020. (Hori
4 Decl., ¶ 4, Ex. 2.) Plaintiffs allege claims on behalf of California cardrooms and proposition player
5 providers.⁵ (See Complaint, ¶ 45.) The Commission and Bureau license and regulate these entities.
6 (*Id.* ¶¶ 19–20.) They support those activities by collecting fees from licensed businesses, which are
7 deposited in a fund called the Gambling Control Fund. Those fees include licensing fees
8 (“Licensing Fees,”), namely, (1) nonrefundable, flat fees collected with each initial or renewal
9 application for a license or permit needed for the operation of a cardroom business or proposition
10 player provider business (*see* Bus. & Prof. Code § 19951(a)), and (2) refundable background
11 investigation deposits intended to be “adequate to pay the anticipated costs and charges incurred in
12 the investigation and processing of the application.” (*See* Bus. & Prof. Code § 19867(a);
13 Complaint ¶ 28.) They also include regulatory fees (“Regulatory Fees”) from licensees for purposes
14 of funding non-licensing regulatory activities, like inspections and investigations. (Complaint ¶ 29.)

15 • For cardrooms, the calculation of annual Regulatory Fees during the Class Period
16 was tied to the number of gaming tables that a cardroom operates or the gross revenues that a
17 cardroom received. (Bus. & Prof. Code § 19951(b)–(d); 4 C.C.R. § 12368.) The cardroom fees are
18 intended to be in amounts “sufficient to enable the [Department of Justice] and the [C]ommission
19 to fully carry out their duties and responsibilities.” (Bus. & Prof. Code § 19951(d).)

20 • The annual Regulatory Fees for proposition player providers during the Class Period
21 were calculated based on the number of licensees affiliated with the provider’s primary owner.
22 (4 C.C.R. § 12252.⁶) With respect to Regulatory Fees for proposition player providers, Business
23

24 _____
25 ⁴ Topics Nos. 7, 14, and 16 on the Court’s checklist relate to employment wage and hour
and/or PAGA cases, and are therefore not relevant to this request for settlement approval.

26 ⁵ Cardrooms are non-tribal gambling establishments that provide tables for poker and other
card games. Third-party proposition player services are independent service providers that enable
player-dealer games to function legally and efficiently by offering to assume the dealer position
27 when no patron volunteers, ensuring compliance with state gaming laws like Penal Code § 330.11.

28 ⁶ Before the January 1, 2021, effective date of 4 C.C.R. § 12252, proposition player providers’
Regulatory Fees were set by 4 C.C.R. § 12200.20, which was later renumbered. During the course
of this litigation, further amendments were made to the method of calculation.

1 and Professions Code section 19984 authorizes annual “reasonable fees and deposits as necessary
2 to defray the costs of providing [the] regulation and oversight.” (Bus. & Prof. Code § 19984(c).)

3 Plaintiffs allege that if amounts charged as purported Regulatory Fees exceed the costs of
4 the regulatory activity, or if the reasonable costs of that regulatory activity are not allocated to fee
5 payors in a manner which bears a fair and reasonable relationship to the fee payors’ burdens or
6 benefits from the regulatory activity, then the fees are not valid or lawful as “regulatory fees” and
7 may instead be viewed as *taxes*, subject to California’s constitutional constraints on taxation. (*See*
8 Complaint ¶¶ 39–40; *Sinclair Paint Co. v. State Bd. of Equalization* (1997) 15 Cal.4th 866, 876, 878
9 (“*Sinclair Paint*”) (citation omitted); Cal. Const. Art. XIII A, § 3, subd. (a).) “An excessive fee that
10 is used to generate general revenue becomes a tax.” (*See Cal. Farm Bureau Fed’n v. State Water*
11 *Res. Control Bd.* (2011) 51 Cal.4th 421, 438 (“*California Farm Bureau*”).) In other words,
12 California law requires valid regulatory fees to be tied to the cost of providing the regulatory activity.

13 Plaintiffs allege—including based on the findings of a California Auditor’s report dated May
14 16, 2019 (Hori Decl., ¶ 6, Ex. 4)—that the Regulatory Fees collected exceeded the reasonable costs
15 of the regulatory activities the Regulatory Fees were supposed to fund. (Complaint ¶¶ 32–38.)
16 Plaintiffs allege this rendered the Regulatory Fees an unlawful tax which had not been approved by
17 the required two-thirds Legislative supermajority, and that the Regulatory Fees were beyond the
18 State’s police power, and statutory, and/or regulatory authorizations. (*See* Complaint ¶ 40; Cal.
19 Const. Art. XIII A, § 3, subd. (a).) Plaintiffs further allege these unlawful fees resulted in a large
20 surplus in the Gambling Control Fund, which had grown to more than \$97,000,000 by mid-2020.
21 (Complaint ¶ 36.) The Complaint asserts class claims against the Commission, Bureau, State, and
22 Treasurer for (1) writ of mandate, (2) declaratory and injunctive relief, (3) money had and received,
23 (4) unjust enrichment, (5) violation of the California Constitution, and (6) accounting. (*Id.* ¶¶ 55–
24 83.) The Complaint also requests attorneys’ fees. (*Id.* ¶ 83.) On December 8, 2020, Defendants
25 filed an Answer containing denials relating to the allegations. (Hori Decl., ¶ 5, Ex. 3.)

26 **B. Brief Procedural History.**

27 As discussed *infra*, the parties engaged in discovery after the Complaint’s filing. Absent
28 settlement, Plaintiffs were prepared to file a class certification motion. (Hori Decl., ¶ 7.) As

1 Plaintiffs prepared that motion, Defendants provided an initial written settlement offer on August 8,
2 2022. (*Id.* ¶ 10.) The Parties then engaged in arm’s-length settlement negotiations for months. (*Id.*)
3 On September 11, 2024, the Parties filed a stipulation to extend the time to bring this action to trial
4 under Code of Civil Procedure section 583.310 to December 21, 2026. (*Id.*) Thereafter, the
5 Settlement was fully executed as of May 9, 2025. (*Id.* ¶ 3, Ex. 1.)

6 The Settlement provides Plaintiffs will seek the Court’s Preliminary Approval (Settlement,
7 § III), consistent with the instant Motion. A form Proposed Order is attached as Exhibit 1 to the
8 Settlement and filed with this motion as a standalone document. The Settlement also contemplates
9 a motion for final approval will be set for hearing no earlier than 200 days after preliminary approval.
10 (*Id.*, § III.4.) Following preliminary approval, notice to the class, and a claims period, the Settlement
11 contemplates the Court will enter final approval. (*Id.* § X.) At that time, the State and Treasurer,
12 who are named defendants but not Settlement signatories, will be dismissed. (*Id.* § X.2.ix.)

13 On June 9, 2025, Plaintiffs filed a motion for preliminary approval of the Settlement noticed
14 in Department 32 before then-assigned Honorable James P. Arguelles. On June 20, 2025, the Court
15 issued an order reassigning the case to this Court. On June 25, 2025, the Clerk re-set the hearing of
16 this motion in Department 22 and directed the Parties to review the Court’s checklist for approval
17 of class action settlement. To ensure compliance with the checklist given the reassignment,
18 Plaintiffs re-file this amended motion complying with the Court’s checklist.

19 **TOPIC 2: COPY OF SETTLEMENT.**

20 A copy of the Class Action Settlement Agreement and Release signed by all parties is
21 attached to the Hori Declaration as *Exhibit 1*.

22 **TOPIC 3: TOTAL SETTLEMENT AMOUNT.**

23 The total Settlement is \$43,300,000. There is no non-cash consideration.

24 **TOPICS 4 / 5: NATURE OF SETTLEMENT FUND.**

25 The settlement fund is a non-reversionary fund. (Settlement, § XVII.6.) The available
26 proceeds, less attorneys’ fees and costs, will be split pro rata among class members making a claim.
27 “For any Class Member whose payment check is uncashed and cancelled after the void date,
28 Administrator shall transmit the funds represented by such checks to the California Controller’s

1 Unclaimed Property Fund in the name of the Class Member, thereby leaving no ‘unpaid residue’
2 subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).” (*Id.*)

3 **TOPIC 6: KEY FINANCIAL TERMS OF SETTLEMENT.**

4 The Settlement provides for a Settlement Amount of \$43,300,000. (*Id.* § I.34.) The
5 Settlement Amount is intended to cover payment to the class members in settlement of their claims,
6 as well as (1) costs of settlement administration, (2) attorneys’ fees and costs, and (3) service awards
7 to the Plaintiffs not to exceed \$2,500 each. (*Id.* § XVI.2.)

8 • *Costs of settlement administration:* The Settlement describes the administrator’s
9 duties and contemplates Epiq will be appointed in that role. (*Id.* § IV.) Epiq has provided a
10 preliminary estimate of its fees as approximately \$93,395. (Declaration of Michael Malakouti
11 (“Malakouti Decl.”), ¶ 8, Ex. 17.)

12 • *Attorney’s fees and costs:* As described further in Topic 20, the Settlement establishes
13 a Settlement Amount of \$43,300,000 and allows for Class Counsel to apply for an award of attorneys’
14 fees of no more than 33.3333% of the Settlement Amount (i.e. \$14,433,319) and for an award of costs
15 not to exceed \$25,000. (Settlement, § XVIII.2.) Here, Class Counsel intends to seek a fees award of
16 approximately 25.5% of the Settlement Amount net of costs, which will be in the range of \$11,000,000
17 plus costs of approximately \$25,000. (Hori Decl. ¶ 26.)

18 • *Service awards:* The Settlement authorizes service awards to Plaintiffs not to exceed
19 \$2,500. (Settlement, § XIX.) There are ten named Plaintiffs, such that a total of \$25,000 in service
20 awards is authorized. (*Id.*) As described further under Topic 22, *infra*, Plaintiffs seek a service
21 award for only two Plaintiffs in the total amount of \$5,000.

22 Subtracting from the Settlement Amount the estimated administrator costs of \$93,395, the
23 estimated fees request of \$11,000,000, costs of approximately \$25,000, and the service awards of
24 \$5,000 results in a net settlement amount of approximately \$32,176,605 to class members.

25 **TOPIC 8: AFFIRMATIVE OBLIGATIONS.**

26 The Settlement places an affirmative obligation on class members to submit a claims form
27 during the claims process as more fully described under Topic 19.2, *supra*. Given the potential for
28 claims of significant dollar value, this process is needed to ensure valid claims are being submitted

1 and settlement proceeds are being paid to class members entitled to funds.

2 **TOPIC 9: THE CLASS DEFINITION.**

3 The Settlement provides for conditional certification of the Class for settlement purposes
4 only. Accordingly, Plaintiffs request conditional certification of the following class:

5 All persons in California licensed or registered at any time during the Class Period
6 by or through the Commission as Cardrooms or Proposition Player Providers who
7 paid Regulatory Fees as a Cardroom or Proposition Player Provider during the
8 Class Period. (Settlement, § I.10.)

9 The “Class Period” is defined as “the period January 1, 2005 until May 12, 2020.” (*Id.*
10 § I.14.) Code of Civil Procedure section 382 authorizes a class action “when the question is one of
11 a common or general interest, of many persons, or when the parties are numerous, and it is
12 impracticable to bring them all before the court” (Code of Civ. Proc. § 382.) Courts have
13 interpreted Section 382 to mean that a “party advocating class treatment must demonstrate the
14 existence of [1] an ascertainable and sufficiently numerous class, [2] a well-defined community of
15 interest, and [3] substantial benefits from certification that render proceeding as a class superior to
16 the alternatives.” (*Brinker Rest. Corp. v. Superior Court* (2012) 53 Cal.4th 1004, 1021 (*Brinker*);
17 *see Sav-On Drug Stores, Inc. v. Sup. Ct. of Los Angeles Cty.* (2004) 34 Cal.4th 319, 340 (*Sav-On*)
18 (reversing judgment denying class certification where “[m]any of the issues likely to be most
19 vigorously contested . . . are common ones”).) Here, each certification requirement is satisfied.

19 **A. The Class Of Licensees Is Ascertainable and Numerous.**

20 The proposed settlement class is ascertainable and numerous. A proposed class is
21 ascertainable when it is “defin[ed] . . . in terms of objective characteristics and common
22 transactional facts.” (*Hicks v. Kaufman & Broad Home Corp.* (2001) 89 Cal.App.4th 908, 915
23 (*Hicks*)). “A class is ascertainable if it identifies a group of unnamed plaintiffs by describing a set
24 of common characteristics sufficient to allow a member of that group to identify himself or herself
25 as having a right to recover based on the description.” (*Bartold v. Glendale Fed. Bank* (2000)
26 81 Cal.App.4th 816, 828.) Plaintiffs seek certification of a class consisting of cardrooms and
27 proposition player providers who paid annual Regulatory Fees. (Settlement, §§ III.1.ii; I.10.) This
28 group of putative class members may be identified, including through records of the Bureau and

1 Commission. (Hori Decl., ¶ 14.) Under the Settlement, the governmental defendants are obligated
2 to provide Plaintiffs identification and contact information for class members, along with the total
3 amount of Regulatory Fees paid by each. (Settlement, § V; Hori Decl. ¶ 14.) This list will be used
4 for purposes of identifying the class and providing notice. (Hori Decl., ¶ 14.)

5 The proposed class is likewise numerous. “The ultimate issue in evaluating this factor is
6 whether the class is too large to make joinder practicable.” (*Hendershot v. Ready to Roll Transp., Inc.*
7 (2014) 228 Cal.App.4th 1213, 1222 (*Hendershot*) (citing *Celano v. Marriott Internat., Inc.* (N.D. Cal.
8 2007) 242 F.R.D. 544, 549).) “No set number is required as a matter of law for the maintenance of a
9 class action.” (*Rose v. City of Hayward* (1981) 126 Cal.App.3d 926, 934 (*Rose*).) The California
10 Supreme Court “has upheld a class representing the 10 beneficiaries of a trust in an action for removal
11 of the trustees.” (*Hendershot*, 228 Cal.App.4th at 1222 (citing *Rose*, 126 Cal.App.3d at 934).) On the
12 other end of the spectrum, a class may properly be comprised of millions of members. (*Clothesrigger,*
13 *Inc. v. GTE Corp.* (1987) 191 Cal.App.3d 605, 618; *see also Vasquez v. Superior Court* (1971) 4 Cal.3d
14 800, 811, 815 (finding “approximately 200 persons” constituted an ascertainable class).)

15 The proposed class size here justifies a class action. The Class List provided by the Bureau
16 and Commission—subject to confidentiality measures—reflects the class comprises approximately
17 174 current and former cardrooms and proposition player providers. (Hori Decl., ¶ 14.) To maintain
18 their licensing status, these businesses were required to pay Regulatory Fees. The joinder of all
19 licensees in litigation would not be practicable, and the numerosity requirement is satisfied.

20 **B. The Proposed Class Members Share A Community Of Interest.**

21 The putative class members also share a community of interest. (Code of Civ. Proc. § 382.)
22 “[T]he ‘community of interest requirement embodies three factors: (1) predominant common
23 questions of law or fact; (2) class representatives with claims or defenses typical of the class; and
24 (3) class representatives who can adequately represent the class.’” (*Fireside Bank v. Superior Court*
25 (2007) 40 Cal.4th 1069, 1089.) “[T]he focus in a certification dispute is on what type of questions—
26 common or individual—are likely to arise in the action, rather than on the merits of the case”
27 (*Sav-On*, 34 Cal.4th at 327.)

28 In determining whether plaintiffs meet the commonality prong, the court examines whether

1 issues of law and fact common to the class predominate over issues involving any individual class
2 members. (*Hicks*, 89 Cal.App.4th at 916.) “When a court is considering the issue of class
3 certification and is assessing whether common issues predominate over individual issues, the court
4 must ‘focus on the policy itself’ and address whether the plaintiff’s *theory* as to the illegality of the
5 policy can be resolved on a classwide basis.” (*Hall v. Rite Aid Corp.* (2014) 226 Cal.App.4th 278,
6 289 (emphasis in original) (citing *Faulkinbury v. Boyd & Assocs., Inc.* (2013) 216 Cal.App.4th 220,
7 232).) “[A] court must ‘examine the plaintiff’s theory of recovery’ and ‘assess the nature of the
8 legal and factual disputes *likely to be presented.*” (*Bradley v. Networkers Internat., LLC* (2012)
9 211 Cal.App.4th 1129, 1141 (emphasis in original) (citing *Brinker*, 53 Cal.4th at 1025).)

10 Class treatment is appropriate here. Based on the Settlement’s class definition, each of the
11 class members has paid annual Regulatory Fees. (Settlement, § I.10.) Plaintiffs thus contend the
12 class members were all subject to the same “fees,” which Plaintiffs assert ultimately constituted
13 unlawful taxes. (*See* Complaint, ¶ 40.) If this case was to be litigated to trial, a key common
14 question to be resolved across the entire class is whether Defendants can carry their alleged burden
15 of showing the Regulatory Fees are (and were) reasonably necessary for regulatory purposes and
16 are therefore not an invalid tax. Even if putative class members were required to present their claims
17 individually, they would each rely on common evidence concerning the Bureau and Commission’s
18 program-wide costs and surpluses. The class Settlement allows them to effectively resolve these
19 claims in one action rather than hundreds without massive duplication of effort.

20 The fact that different putative class members may have paid different amounts of
21 Regulatory Fees, and therefore may ultimately receive different amounts of monetary recovery
22 through the Settlement, does not defeat certification. “If the defendant’s liability can be determined
23 by facts common to all members of the class, a class may be certified even though class members
24 must individually establish the amount of their restitution.” (*Safeway, Inc. v. Superior Court* (2015)
25 238 Cal.App.4th 1138, 1154 (citations omitted); *Martinez v. Joe’s Crab Shack Holdings* (2014)
26 231 Cal.App.4th 362, 378 (“Defenses that raise individual questions about the calculation of
27 damages generally do not defeat certification.”) (citation omitted).)

28

1 **C. A Class Action Would Bring Substantial Benefits.**

2 The California Supreme Court “has repeatedly emphasized the importance of the class action
3 device for vindicating rights asserted by large groups of persons.” (*Keating v. Superior Court* (1982)
4 31 Cal.3d 584, 609 (*Keating*)). To decide whether a class action would be superior to individual
5 lawsuits, courts may evaluate factors including the “(1) interest of each putative class member in
6 controlling his or her own case personally; (2) potential difficulties in managing a class action;
7 (3) nature and extent of already pending litigation by individual class members involving the same
8 controversy; and (4) desirability of consolidating all action[s] before one court.” (*Newell v. State*
9 *Farm Gen. Ins. Co.* (2004) 118 Cal.App.4th 1094, 1101 (citing Weil & Brown, Cal. Practice Guide:
10 Civil Procedure Before Trial (The Rutter Group 2002) ¶¶ 14:16, p. 14-6); *Alberts v. Aurora*
11 *Behavioral Health Care* (2015) 241 Cal.App.4th 388, 394 (“In considering whether a class action
12 is a superior device for resolving a controversy, the manageability of individual issues is just as
13 important as the existence of common questions uniting the proposed class.”).) “Denial of a class
14 action in cases where it is appropriate may have the effect of allowing an unscrupulous wrongdoer
15 to ‘retain[] the benefits of its wrongful conduct.’” (*Keating*, 31 Cal.3d at 609.)

16 Class treatment of the proposed class claims will bring substantial benefits to the litigants
17 and Court. First, Plaintiffs’ counsel is not presently aware of any pending litigation involving the
18 same controversy. (Hori Decl., ¶ 16; Declaration of Jarhett Blonien (“Blonien Decl.”), ¶ 4.) As a
19 result, if certification is denied, unnamed cardrooms or proposition player providers will be unable
20 to rely on this litigation to vindicate their rights and Defendants may not be held responsible for
21 returning millions of dollars in fees that Plaintiffs claim were unlawfully collected.

22 Further, given the common issues described above, class certification will facilitate the efficient
23 management of the claims. The claims of the numerous class members will be resolved through the
24 single Settlement. Since the putative class members have each registered as licensees, the Parties will
25 be able to obtain the identities of licensees and provide adequate class notice. (*See* Hori Decl., ¶ 14.)
26 Conversely, if class treatment is denied, the same issues will need to be adjudicated repeatedly if class
27 members seek to vindicate their rights, and Defendants will be required to participate in discovery and
28 prepare for trial in separate cases. This is unnecessary where the claims of each putative plaintiff arise

1 from the same set of circumstances, namely, payment of excessive annual Regulatory Fees. While
2 there may be significant recovery at stake, the interests of individual putative class members in
3 controlling their own cases are limited where the same body of evidence supports each claim.

4 **TOPIC 10: SUMMARY OF CLAIMS, DISCOVERY CONDUCTED,**
5 **AND SETTLEMENT NEGOTIATION.**

6 As discussed in Topic 1, *supra*, Plaintiffs' claims arise from allegations the Regulatory Fees
7 exceeded the reasonable costs of the regulatory activities the Regulatory Fees were supposed to
8 fund. This litigation is complex and the subject matter was novel. Before filing, Plaintiffs did
9 significant factual and legal research to ascertain the viability of their claims and the most
10 appropriate manner for presenting them. (Hori Decl., ¶ 4.) After Plaintiffs filed their Complaint,
11 the Parties engaged in significant discovery (both formal and informal). For example:

12 • Plaintiffs served multiple sets of written discovery demands, including over
13 50 requests for production to both the Bureau and Commission, over 100 special interrogatories to
14 both entities, and over 50 requests for admission to both entities. (*Id.*, ¶ 7.) Plaintiffs also issued
15 third-party document demands to the California Auditor and the California Legislature to obtain
16 relevant materials. (*Id.*) Thereafter, Plaintiffs engaged in extensive meet and confer efforts with
17 Defendants to obtain responses. (*Id.*)

18 • The Bureau and Commission responded to this discovery, and also collectively
19 produced over 80,000 pages of records. (*Id.*)

20 • In September and October 2022, Plaintiffs took the deposition of persons most
21 qualified, including the Commission's Executive Director and the Bureau's Director. (*Id.*) The
22 witnesses were questioned on dozens of exhibits. (*Id.*)

23 Plaintiffs have thoroughly investigated and evaluated the factual strengths and weaknesses
24 of the claims and defenses and engaged in investigation, research, and discovery. (Hori Decl., ¶ 8.)
25 After nearly five years of litigation, the case has reached the stage where "the [P]arties certainly
26 have a clear view of the strengths and weaknesses of their cases" sufficient to support a settlement's
27 adequacy. (*In re Warner Communications Sec. Litigation* (S.D.N.Y. 1985) 618 F.Supp. 735, 745.)

28 Apart from formal discovery, the Parties also engaged in ongoing informal exchanges

1 relating to settlement, including with respect to fees paid and the Gambling Control Fund’s reserve.
2 (Hori Decl., ¶ 9.) The Parties extensively negotiated terms of the Settlement compromise. (*Id.*)
3 Defendants provided an initial written settlement offer on August 8, 2022. (*Id.* ¶ 10.) Thereafter,
4 the Parties engaged in arm’s-length settlement negotiations for months. (*Id.*) Among other things,
5 the negotiations focused on reaching a settlement amount which would (1) pay out from the
6 Gambling Control Fund the maximum available amount based on Plaintiffs’ position the reserve
7 money in the Fund had been wrongfully collected, while (2) leaving the Fund with a prudent 6- to
8 12-month operational reserve acceptable to the Bureau and Commission for going-forward
9 operations. (*Id.*) Negotiations focused on the amount of that appropriate reserve, and the Parties
10 ultimately agreed payment of the \$43,300,000 Settlement Amount would be the maximum figure
11 acceptable to the Commission and Bureau which Defendants believed would leave an acceptable
12 reserve for operations.⁷ (*Id.*) The Settlement memorializing these terms was signed in May 2025
13 by Plaintiffs, the Bureau, and the Commission. (Hori Decl., ¶ 3, Ex. 1.)

14 The Settlement Amount was reached through arm’s-length negotiations. (*Id.* ¶ 11.) Though
15 professional, the negotiations have been adversarial and non-collusive in nature. (*Id.*) Plaintiffs and
16 Class Counsel recognize the expense of proceedings necessary to continue the litigation and the
17 difficulties and delays inherent in such litigation. (*Id.*) They also recognize the risk and uncertainty
18 inherent to further litigation and any potential outcome. (*Id.*) Based on the foregoing, Plaintiffs and
19 Class Counsel believe the eight-figure Settlement Amount is fair, adequate, and reasonable, and is
20 in the best interests of the class. (*Id.*)

21 **TOPICS 11 / 12: RELEASE PROVISIONS.**

22 The Settlement contains this release, effective upon deposit of the Settlement Amount:

23 As of the deposit of the Settlement Amount in the Settlement Fund, and except as
24 set forth by this Agreement, all members of the Settlement Class shall be deemed
25 to have released and forever discharged Defendants from any and all existing
26 liability, demands, causes of action, suits, reimbursements or responsibility of any
27 kind, whether known or unknown, ***related to or arising from the claims asserted
in the Action***, including but not limited to any claims relating to the validity and
lawfulness of the imposition, calculation, collection, accounting, and use of

28 ⁷ The Gambling Control Fund’s fund condition statement created in connection with the 2025-
2026 budget reflects that the Gambling Control Fund will have an anticipated reserve of
\$48,988,000 as of the end of the 2024–2025 fiscal year. (Hori Decl., ¶ 13, Ex. 10.)

1 Regulatory Fees, license application fees, and license application background
2 deposits paid during the Class Period. (Settlement, XX.1 (emphasis added).)

3 By reference to the “claims asserted in the Action,” the release is tailored to the claims in
4 this litigation based on the facts alleged in the Complaint. The release covers only the Class Period
5 (i.e., January 1, 2005 until May 12, 2020) and is correspondingly also tied to the time period relevant
6 to the class member’s claims. Notably, the release does not extend beyond May 12, 2020, and will
7 become effective upon the release of settlement funds. As of this Motion’s hearing, that date will
8 be over five years in the past and a claim based on activity before May 2020 is likely subject to
9 significant statute of limitations risks, minimizing the practical impact of the release.

10 **TOPIC 13 / 15: REASONABLENESS OF CONSIDERATION.**

11 The consideration being received for negotiated releases is reasonable given the strengths
12 and weaknesses of the claims, and the risks of this litigation.

13 **A. The Court Has Broad Discretion to Approve a Class Action Settlement.**

14 Rule 3.769 of the California Rules of Court requires a noticed motion for preliminary
15 approval of class settlements:

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

18 . . .
19 (c) Any party to a settlement agreement may serve and file a written notice
20 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.

21 “Before final approval, the court must conduct an inquiry into the fairness of the proposed
22 settlement.” (Cal. Rules of Court, Rule 3.769(g).) Courts have discretion to approve settlements
23 that are fair, not collusive, and consider “all the normal perils of litigation as well as the additional
24 uncertainties inherent in complex class actions.” (*In re Beef Industry Antitrust Litigation* (5th Cir.
25 1979) 607 F.2d 167, 179–180, cert. den. *Sub nom. Iowa Beef Processors, Inc. v. Meat Price*
26 *Investigators Ass’n* (1981) 452 U.S. 905.) The trial court has broad powers to determine whether a
27 proposed settlement is fair under the circumstances of the case. (*Dunk v. Ford Motor Co.* (1996)
28 48 Cal.App.4th 1794, 1801 (*Dunk*); *Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224,

1 234–35 (*Wershba*) (“In general, questions whether a settlement was fair and reasonable, whether
2 notice to the class was adequate, whether certification of the class was proper, and whether the
3 attorney fee award was proper are matters addressed to the trial court’s broad discretion.”) (citing
4 *Dunk*.) A court’s decision to approve a class action settlement may be reversed only upon a strong
5 showing of “clear abuse of discretion.” (*Hanlon v. Chrysler Corp.* (9th Cir. 1998) 150 F.3d 1011,
6 1026 (*Hanlon*); *Class Plaintiff v. City of Seattle* (9th Cir. 1982) 955 F.2d 1268, 1276.)⁸

7 **B. The Settlement Should Be Deemed Presumptively Fair.**

8 Courts consider factors to determine a settlement’s fairness, including “[1] the strength of
9 plaintiffs’ case, [2] the risk, expense, complexity and likely duration of further litigation, [3] the risk
10 of maintaining class action status through trial, [4] the amount offered in settlement, [5] the extent
11 of discovery completed and the stage of the proceedings, [6] the experience and views of counsel,
12 [7] the presence of a governmental participant, and [8] the reaction of the class members to the
13 proposed settlement.” (*Dunk*, 48 Cal.App.4th at 1801.) “The list of factors is not exclusive and the
14 court is free to engage in a balancing and weighing of factors depending on the circumstances of
15 each case.” (*Wershba*, 91 Cal.App.4th at 245.) Furthermore, courts give “proper deference to the
16 private consensual decision of the parties.” (*Hanlon*, 150 F.3d at 1027 (citation omitted).)

17 “A presumption of fairness exists where: (1) the settlement is reached through arm’s-length
18 bargaining; (2) investigation and discovery are sufficient to allow counsel and the court to act
19 intelligently; (3) counsel is experienced in similar litigation; and (4) the percentage of objectors is
20 small.” (*Wershba*, 91 Cal.App.4th at 245 (citing *Dunk*, 48 Cal.App.4th at 1802); *7-Eleven Owners*
21 *for Fair Franchising v. Southland Corp.* (2000) 85 Cal.App.4th 1135, 1151 (same).)

22 Based on these factors, the Settlement is presumptively fair. The Settlement was reached as
23 a result of arm’s-length and adversarial negotiations and memorializes a consensual compromise.
24 (Topic 10, *supra*.) That negotiation was informed by significant discovery, including hundreds of
25 written responses, tens of thousands of pages of productions, and key depositions. (*Id.*) Class
26 Counsel is experienced both in the class action arena and in the relevant substantive areas of the

27 _____
28 ⁸ The California Supreme Court has also authorized California’s trial courts to use Federal Rule
of Civil Procedure 23 and cases applying it for class action guidance class issues. (See *Vasquez v.*
Superior Court (1971) 4 Cal.3d 800, 821; see *Green v. Obledo* (1981) 29 Cal.3d 126, 145–146.)

1 law. (Hori Decl., ¶¶ 15–25, Ex. 11–13; Blonien Decl. ¶¶ 3–9, Ex. 15–16.) And, while all class
2 members have not yet received formal notice and the opportunity to object, the Settlement has been
3 approved by a sample of the ten representative signatory Plaintiffs. (Hori Decl., ¶ 3, Ex. 1.)

4 The Settlement thus takes into account the strengths and weaknesses of each side’s position
5 and the uncertainty of how the case might have concluded through certification, trial, and/or appeals,
6 including the risks and delays to the Parties of proceeding with class certification and/or
7 representative adjudication. (*Id.* ¶ 11.) The Settlement also takes into account the risks and expense
8 to both Parties of further litigation and the difficulties and delays inherent in such litigation. (*Id.*)
9 Based on the foregoing, the Settlement is a presumptively fair, adequate, and reasonable.

10 **C. The Proposed Settlement Terms Are Substantively Fair and Reasonable.**

11 Even if the presumption of fairness did not apply, the Settlement is fair and reasonable. In
12 considering a potential class settlement, a court need not reach any ultimate conclusions on the
13 issues of fact and law which underlie the merits of the dispute and need not engage in a trial on the
14 merits. (See *City of Detroit v. Grinnell Corporation* (2d Cir. 1974) 495 F.2d 448, 456 (*Grinnell*);
15 *Officers for Justice v. Civil Service Commission of City and County of San Francisco* (9th Cir. 1982)
16 688 F.2d 615, 625 (“[T]he court’s intrusion upon what is otherwise a private consensual agreement
17 negotiated between the parties to a lawsuit must be limited to the extent necessary to reach a
18 reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion
19 between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and
20 adequate to all concerned.”).) The court does not need to “decide the merits of the case or to
21 substitute its evaluation of the most appropriate settlement for that of the attorneys.” (*Kullar v. Foot*
22 *Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 133 (*Kullar*)). Nor does the court need to make an
23 explicit statement of the maximum amount the class could recover if the plaintiff prevailed on all
24 its claims, provided there is a record that allows “an understanding of the amount that is in
25 controversy and the realistic range of outcomes of the litigation.” (*Id.* at 120.)

26 Instead, the question at preliminary approval is whether the Settlement is within the range
27 of possible approval. (*In re Tableware Antitrust Litig.* (N.D. Cal. 2007) 484 F.Supp.2d 1078, 1079.)
28 “The fact that a proposed settlement may only amount to a fraction of the potential recovery does

1 not, in and of itself, mean that the proposed settlement is grossly inadequate and should be
2 disapproved.” (*Grinnell*, 495 F.2d at 455; *see also Linney v. Ceullar Alaska Partnership* (9th Cir.
3 1998) 151 F.3d 1234, 1242 (“[I]t is the very uncertainty of outcome in litigation and avoidance of
4 wasteful and expensive litigation that induce consensual settlements. The proposed settlement is
5 not to be judged against a hypothetical or speculative measure of what *might* have been achieved by
6 the negotiators.”) (emphasis original).)

7 While a settlement may be approved even if it is only “a fraction of the potential recovery,”
8 *Grinnell*, 495 F.2d at 455, that is resoundingly not the case here. In this case, the Settlement provides
9 for a large gross Settlement Amount of \$43,300,000. (Settlement, §§ XVI; I.34.) Assuming fees
10 and costs are approved by the Court and paid in the full amounts currently anticipated, the Settlement
11 provides for a net settlement amount that is presently estimated to be approximately \$32,000,000.
12 (*Id.* § XVI.2; Hori Decl. ¶ 26; Malakouti Decl. ¶ 8, Ex. 17.) That entire net settlement amount will
13 be fully paid out to the participating class per the claims process described in detail in the Settlement.
14 (*See In re American Bank Note Holographics, Inc., Securities Litigation* (S.D.N.Y. 2001) 127
15 F.Supp.2d 418, 429–30 (“[a]n allocation formula need only have a reasonable, rational basis [to
16 warrant approval], particularly if recommended by ‘experienced and competent’ class counsel”).)

17 The Settlement is well within the range of possible approval. The Settlement was calculated
18 using the information and data uncovered during litigation, case investigation, as well as the formal
19 and informal exchange of discovery, taking into account the potential risks and rewards inherent in
20 any case and, in particular, in the instant action. (Hori Decl., ¶¶ 9–13.) Consistent with the Court’s
21 checklist, Plaintiffs address the following topics:

22 • *Maximum and realistic exposure estimate*: Through their Complaint, Plaintiffs assert
23 that, by mid-2020, the Gambling Control Fund’s balance was in excess of \$90,000,000. (Complaint
24 ¶ 36.) This allegation is supported by publicly available Fund Condition Statements—budgetary
25 statements reflect the fund had a balance of at least \$95,912,000 by 2020. (Hori Decl., ¶ 12, Ex. 6.)
26 Given that the fund held this excess balance, Plaintiffs could conceivably assert entitlement to a full
27 refund of \$90,000,000+ in excess fees.⁹

28 ⁹ The Court’s checklist requires that maximum exposure be listed “for each claim asserted in the

1 As reflected in Fund Condition Statements, however, the Gambling Control Fund’s balance
2 has fallen since the COVID-19 epidemic began and revenues decreased. (Hori Decl., ¶ 12, Exs. 5–
3 9.) As of the 2025-2026 budget, the fund is estimated to have a balance of \$48,988,000. (*Id.* ¶ 13,
4 Ex. 10.) In negotiating the Settlement, Plaintiffs took into account the actual balance of the relevant
5 funds in determining a realistically collectible exposure estimate. (*Id.*, ¶ 13.) Based on these figures,
6 Plaintiffs believe that a reasonable exposure estimate is the amount of the Gambling Control Funds
7 current balance (approximately \$48,988,000) less a reasonable reserve for the Commission and
8 Bureau’s actual costs and operations. (*Id.*)

9 The Settlement Amount was negotiated by taking into account all available funds in the
10 Gambling Control Fund, which was the repository for the allegedly unlawful fees. (*Id.* ¶ 9.) Class
11 Counsel closely analyzed the available Fund Condition Statements to determine the funds available
12 for settlement. (*Id.*) In settlement negotiations, the Commission and Bureau asserted they should
13 be entitled in a settlement to maintain a reasonable operating reserve. (*Id.* ¶ 10.) Correspondingly,
14 the Parties’ negotiations focused on the reasonableness of that reserve, with Plaintiffs asserting
15 entitlement in settlement to all amounts in excess of that reserve. (*Id.* ¶ 10.) While Plaintiffs
16 asserted in settlement that they should be entitled to additional consideration above the Settlement
17 Amount, the Commission and Bureau contended they could not pay any additional amounts while
18 maintaining an appropriate reserve. (*Id.*) The Settlement Amount was thus vigorously negotiated,
19 and Plaintiffs and Class Counsel sought to maximize recovery from available sources.

20 The participation of two governmental participants—including the Bureau, which is a
21 Division of the Department of Justice—further militates in favor of the Settlement’s approval.
22 Governmental involvement (particularly with the involvement of the Department of Justice) reduces
23 the risk the Parties are engaged in collusion at the expense of the class or that the Settlement has not
24 been negotiated through an adversarial process.

25 Finally, Class Counsel believes the Settlement as a whole is fair, reasonable, and adequate,
26 and is in the best interest of the class members. (*Id.* ¶ 11; Blonien Decl., ¶ 12.) Class Counsel
27

28 operative complaint.” Plaintiffs’ Complaint asserts claims under various theories, but Plaintiffs
assert the exposure is the same, namely, the return of all illegally collected fees.

1 performed an extensive analysis of the proposed terms before entering into the Settlement. (*Id.*)
2 Although the recommendations of Class Counsel are not conclusive, the Court can properly take the
3 recommendations into account, particularly where, as here, Class Counsel is competent and
4 experienced with this type of litigation. (*Nat'l Rural Telecomms. Coop. v. DIRECTV, Inc.* (C.D.
5 Cal. 2004) 221 F.R.D. 523, 528 (“‘Great weight’ is accorded to the recommendation of counsel,
6 who are most closely acquainted with the facts of the underlying litigation.”).) The Settlement
7 represents a fair, adequate, and reasonable resolution of the matter and recovery for the class, and
8 the Court should grant preliminary approval of the Settlement.

9 *Defenses, risks, and duration of further litigation:* In connection with this process, Plaintiffs
10 also took into consideration the risk, expense, complexity and likely duration of further litigation.
11 (Hori Decl., ¶ 11.) Plaintiffs believe their claims are meritorious and that Plaintiffs would obtain
12 class certification and fully prevail at trial in the absence of a settlement. Like all reasonable
13 litigants, however, Plaintiffs and Class Counsel also evaluated the potentially available defenses
14 alleged by Defendants, including statute of limitations defenses, defenses based on the exhaustion
15 of administrative remedies, and defenses relating to the propriety of suing named defendant(s). (*Id.*
16 ¶ 11; *see* Hori Decl. ¶ 6, Ex. 4 (Defendants’ Answer) at 9).) In particular, Plaintiffs recognized
17 statute of limitations risks given the settlement class extends back to 2005. Plaintiffs also recognize
18 there are other risks to proceeding to class certification and trial, including risk the ultimate recovery
19 in a litigated adjudication could be less than the Settlement Amount.

20 Moreover, proceeding to trial and through any appeals would defer the class members’
21 receipt of compensation and would give rise to additional expenses. (Hori Decl., ¶ 11.) Plaintiffs
22 initiated this litigation in May 2020, and more than five years have elapsed since its filing. (*Id.* ¶ 4,
23 Ex. 2.) The action is complex, as evidenced by Plaintiffs’ service of hundreds of discovery demands
24 and the sophisticated area of the governing law. (*Id.* ¶ 7.) Moreover, negotiation of the Settlement
25 has also spanned over many months. During that time and once it appeared a settlement was
26 feasible, the parties focused on consummating the Settlement, and deferred litigation to increase
27 efficiency by entering a stipulation to waive the “five year to trial” rule until the end of 2026. (*Id.*
28 ¶ 10.) If the Settlement is not approved, Plaintiffs will need to litigate and prevail on a motion for

1 class certification. (*Id.* ¶ 11.) Thereafter, the parties will need to present trial / hearing argument
2 and evidence relating to the fees collected in the Gambling Control Fund and the Commission and
3 Bureau’s actual expenses. (*Id.*) Plaintiffs anticipate that this process will take months, and likely
4 result in a significant increase in the fees and costs to the class given the volume of factual data at-
5 issue. (*Id.*) The Settlement presents an opportunity to forgo these additional litigation expenses and
6 thus represents an appropriate compromise given these factors. (*Id.*)

7 **TOPIC 17: ESTIMATED AVERAGE DISTRIBUTIONS.**

8 As described in the Settlement, the claims paid to the Class Members will be weighted by
9 the amount of Regulatory Fees paid and the settlement fund will be distributed *pro rata* based on
10 the claims received. Given estimates of (1) approximately 174 class members, and (2) an
11 approximate available fund of \$32,176,605, the average recovery per class member would be
12 \$184,923. In application, some class members will receive more, and some less, than that amount
13 based on their *pro rata* payment of Regulatory Fees.

14 **TOPIC 18: CY PRES DISTRIBUTION.**

15 The Settlement does not provide for *cy pres* distribution. Instead, as set forth above under
16 Topics 4/5, all the settlement proceeds will go to class members submitting claims and to the extent
17 that settlement checks are not cashed, they will be remitted to the California Controller’s Unclaimed
18 Property Fund in the name of the Class Member. (Settlement, § XVII.6.)

19 **TOPIC 19.1: NOTICE ADMINISTRATION.**

20 **A. Class Notice Administrator.**

21 The Settlement identifies Epiq as the Class Administrator. (Settlement Agreement, § IV.1.)
22 Epiq has implemented more than a thousand class action notice and settlement administration
23 matters. (Declaration of Cameron R. Azari (“Azari Decl.”), ¶ 5.) It has handled complex and
24 significant notice programs, including more than 75 multidistrict litigation settlements. (*Id.*)
25 Pursuant to the Court’s checklist, further information on Epiq’s qualifications, data security, and
26 insurance is in the concurrently filed Azari Declaration. (*Id.* ¶¶ 9–15.) Epiq was selected after an
27 evaluation process. (Malakouti Decl., ¶¶ 2–8.) Specifically, in or around July 2024, class counsel’s
28 office conducted preliminary research concerning potential administrators. (*Id.*, ¶ 2.) Based on that

1 research, it was determined that Kroll Settlement Administration (“Kroll”), JND Legal
2 Administration (“JND”), and Epiq Global (“Epiq”) would be sufficiently qualified and sophisticated
3 potential settlement administrators. (*Id.*) In early August 2024, class counsel submitted written
4 requests for proposals to each of Kroll, JND, and Epiq concerning administration of the
5 contemplated settlement. (*Id.* ¶ 3.) Class counsel then held separate discussions via telephone /
6 remote video conference with each of Kroll, JND, and Epiq about the general terms and scope of
7 the potential engagement, including issues relating to approximate class composition, notice
8 requirements and procedures, claims and dispute processes, and payment disbursements. (*Id.* ¶ 4.)
9 At the conclusion of these meetings, class counsel requested each of Kroll, JND, and Epiq provide
10 a cost estimate for their respective services based on the information that was able to be shared
11 during these conversations and, subsequently, Epiq provided a cost estimate on August 15, 2024,
12 and JND provided a cost estimate on August 16, 2024. (*Id.* ¶ 5.) Kroll did not provide a cost
13 estimate. (*Id.*) JND and Epiq’s initial cost estimates were similar, with Epiq’s estimate being
14 slightly less. (*Id.* ¶ 6.) Given Epiq’s qualifications, lower cost estimate, the positive experience
15 with Epiq during the initial interview, and feedback from others who have worked with Epiq as a
16 settlement administrator, class counsel determined Epiq could be retained as settlement
17 administrator. (*Id.* ¶ 7.) Epiq has provided a preliminary estimate of its administration fees as
18 approximately \$93,395. (*Id.*, ¶ 8, Ex. 17.)

19 **B. Class Notice Process, Procedures, and Timeline.**

20 Defense counsel is to provide Class Counsel a “Class List” of licensees, which will be
21 provided to the Administrator. (Settlement, § V; Hori Decl., ¶ 14.) The Class List will be used to
22 provide notice. (Hori Decl., ¶ 14.) Defense counsel has provided Class Counsel a draft of that Class
23 List, and the parties are currently meeting and conferring on its adequacy. (*Id.*) The Settlement
24 attaches as Exhibits 2 and 4 an agreed form mailed notice and a form notice for publication,
25 respectively. (Settlement, Exs. 2, 4.)¹⁰ The Settlement describes the plan by which class members
26

27 ¹⁰ As reflected in these exhibits, the class notice attaches the Settlement in full, and includes
28 sections describing the nature of the claims, the terms of the Settlement including the calculation of
distributions, the terms of the release, the potential fee award, details concerning opt-outs and
objections, and details concerning the final approval hearing. (Settlement, Ex. 2.)

1 will receive class notice and the claim form, which are in the English language. (*Id.* § VII.) Exhibit
 2 5 to the Settlement is a plan for notice of settlement. (*Id.*, Ex. 5.) The administrator is to provide
 3 the notice of settlement by: (1) mailing the notice of settlement via first class mail; (2) emailing the
 4 notice of settlement; (3) posting the notice of settlement on a class action website;¹¹ and
 5 (4) publishing a form, attached as Exhibit 4 to the Settlement, in the daily publications of the
 6 Sacramento Bee and the Los Angeles Times for 14 consecutive days. (*Id.* § VII, Ex. 5.) The
 7 Settlement also sets forth the steps to be taken if any notice of settlement is returned by mail as
 8 undeliverable. (*Id.* § VII.5.)

9 The Settlement provides procedures for class members both to opt-out of, and to object to,
 10 the Settlement. (*Id.* §§ VIII, IX.) Objections and opt-outs will be handled by the administrator.
 11 The timeline for that process is set forth in the Settlement and Proposed order as follows:

12 Notice Date.	Within 30 days of Preliminary Approval.
13 Date of sending Claims Form.	Within 30 days of Preliminary Approval.
14 Objection Deadline.	60 days after Notice Date.
15 Initial Opt-Out Deadline.	60 days after Notice Date.
16 Deadline for Administrator to provide final list of Class Members and amounts of Valid Claims.	45 days after Final Opt-out Deadline
17 Deadline to file motion for Final Approval.	16 court days before Final Approval Hearing.
18 Deadline to file motion for Attorneys' Fees and Costs / Service Awards.	16 court days before hearing on motion for Attorneys' Fees and Costs / Service Awards.
19 Final Approval Hearing.	As set by Court, at least 200 days after Preliminary Approval.
20 Effective Date.	Entry of Final Approval and Final Judgment (if no objections filed), or at expiration of appellate rights.
21 Funding Date.	10 days after Effective Date.
22 Payment of Attorneys' Fees and Costs.	15 days after Funding Date.
23 Payment of Service Awards.	15 days after Funding Date.
24 Payment of Administrative Costs	15 days after Funding Date
25 Payment of Valid Claims.	15 days after Funding Date.
26 Expiration of settlement checks.	180 days after issuance of checks.

(Settlement, Ex. 1 at 5–6.)

27
 28 ¹¹ The URL “GamblingFeeSettlement.com” is reserved for the intended settlement website: (Malakouti Decl., ¶ 10.)

1 Plaintiffs request the Court approve the notice of settlement and the plan for providing notice.
2 The Court has broad discretion in fashioning notice. (*Duran v. Obesity Research Inst., LLC* (2016) 1
3 Cal.App.5th 635, 648 (“The trial court has ‘virtually complete discretion’ in determining how that can
4 most practicably be accomplished.”).) Class notice is adequate if it “present[s] a fair recital of the subject
5 matter and proposed terms” of the Settlement. (*Mendoza v. United States* (9th Cir. 1980) 623 F.2d 1338,
6 1351 (quoting *Marshall v. Holiday Magic* (9th Cir. 1977) 550 F.2d 1173, 1177).) The proposed notice
7 of settlement meets these requirements. The proposed notice of settlement describes Plaintiffs’ claims,
8 the proceedings to date, and the Settlement. (Settlement, § VI, Ex. 2.) It advises the class members of
9 their right to participate in the Settlement, how and when to object to or request to be excluded from the
10 Settlement, and the date, time, and location of the Final Approval hearing. (*Id.*) The proposed notice of
11 settlement also directs class members to contact the administrator for more information or to answer any
12 questions. (*Id.*) Further, the Parties have agreed to a comprehensive notice process including email,
13 hard mail, and published notice. (*Id.* § VII, Ex. 5.) The administrator will mail the notice of settlement
14 to the class members following preliminary approval. (*Id.*) On the same day, the administrator will also
15 email a copy of the notice of settlement and the Settlement to class members. (*Id.*) And, again on the
16 same day, the administrator will post a copy of the notice of settlement on the website relating to the
17 Settlement established by the administrator and publish a notice in the Sacramento Bee and the Los
18 Angeles Times for 14 consecutive days. (*Id.*) For any Notices of Settlement returned as undeliverable,
19 the administrator will re-mail the notice of settlement. (*Id.* § VII.5.) The parties believe that these
20 multiple notice methods are the best means available to reach the greatest number of class members.

21 In short, the proposed notice of settlement satisfies all due process requirements and complies
22 with the standards of fairness, completeness, and neutrality. (*Cartt v. Superior Court* (1975) 50
23 Cal.App.3d 960, 972 (“The essentials of due process of law in class suits would appear to be afforded
24 by fair representation in the assertion of claims of class members against the opposing parties in any
25 lawsuit, and notice of the pending suit.”).) Finally, although not addressed by the Settlement,
26 Plaintiffs propose notice of the final judgment be given to the class by mail to the address deemed
27 most effective in the initial notice process. (Hori Decl., ¶ 14.)
28

1 **TOPIC 19.2: CLAIMS PROCESS.**

2 The Settlement describes the process by which class members can make claims to payment
3 from the Settlement Amount. (*Id.* §§ XII–XIV.) The Settlement attaches a form claim form as
4 Exhibit 3 that will be sent via email and hard mail with the class notice, and which class members
5 will be instructed to submit. The parties anticipate the claim form will be individualized for each
6 class member, and will state the amount of recorded Regulatory Fees the class member has paid.
7 (Settlement, § XII.ii.) The class member will then have the opportunity to agree to that amount or
8 substantiate an alternative amount. (Settlement, § XIV.) To calculate the amount each class
9 member will receive, the Administrator will sum the total amount of all valid claims and each class
10 member will be entitled to a pro rata portion of the Net Settlement Amount, capped at the amount
11 of the Regulatory Fees actually paid. (*Id.* § XV.) The Administrator will determine a given class
12 member’s claim amount based on the documentation submitted. (*Id.*) The timeline for that process
13 is set forth in the Settlement and Proposed order as follows:

14

Notice Date.	Within 30 days of Preliminary Approval.
Date of sending Claims Form.	Within 30 days of Preliminary Approval.
Claims Deadline.	60 days after Notice Date.
Deadline for Claimants to provide additional information for Claims Form.	30 days after Claims Deadline.

15
16
17

(Settlement, Ex. 1 at 5–6.)

18

19 **TOPIC 20: PROPOSED FEE AWARD.**

20 Consistent with the Court’s guidance that a “full lodestar analysis can be deferred until final
21 approval” (Checklist #20), Class Counsel do not ask the Court to award attorneys’ fees and costs at this
22 time. Rather, pursuant to the Settlement, Plaintiffs will file a motion for attorneys’ fees and costs with
23 their motion for final approval. (Hori Decl. ¶ 26.) At that time, Class Counsel anticipates seeking an
24 award of fees based on a percentage of the overall recovery. (*Id.*) The Settlement establishes a
25 Settlement Amount of \$43,300,000 and allows for Class Counsel to apply for an award of attorneys’
26 fees of no more than 33.3333% of the Settlement Amount (i.e. \$14,433,319) and for an award of costs
27 not to exceed \$25,000. (Settlement, § XVIII.2.) Here, Class Counsel intends to seek a fees award of
28 approximately 25.5% of the Settlement Amount net of costs, which will be in the range of \$11,000,000.

1 (Hori Decl. ¶ 26.)¹² This request is authorized by Class Counsel’s contingency fee agreement which—
2 as will be more fully described at the time of final approval—provides for tiered levels of fee recovery
3 based on the recovery pool, net of costs. The final percentage may be determined once costs are
4 finalized. Class Counsel will also seek reimbursement of actual costs incurred up to \$25,000 per Section
5 XVIII of the Settlement.

6 Trial courts have “wide latitude” in assessing the value of attorneys’ fees and their decisions
7 will not “be disturbed on appeal absent a manifest abuse of discretion.” (*Lealao v. Beneficial Cal.,*
8 *Inc.* (2000) 82 Cal.App.4th 19, 41 (*Lealao*)). The “experienced trial judge is the best judge of the
9 value of professional services rendered in his court.” (*Ketchum v. Moses* (2001) 24 Cal.4th 1122,
10 1132.) California law provides that attorney fee awards should be equivalent to fees paid in the
11 legal marketplace to compensate for the result achieved and risk incurred. (*Laffitte v. Robert Half*
12 *Int’l, Inc.* (2016) 1 Cal.5th 480, 503 (*Laffitte*), citing *Lealao, supra*, 82 Cal.App.4th at 48-49.)

13 The California Supreme Court has approved the use of percentage fee awards in class action
14 litigation resulting in a common fund settlement like the instant Settlement. In *Laffitte*, the plaintiffs’
15 firm was awarded a 33% award of \$6,333,333.33 and a class member objected to the proposed
16 settlement on several grounds, including that this fee was excessive. The trial court approved the award
17 and the Court of Appeal affirmed on the ground a percentage fee is allowed in common fund cases and
18 a one-third percentage was in the range set by other class action lawsuits. (*Laffitte*, 1 Cal.5th. at 503.)
19 The trial court considered “the risk, expense, complexity and likely duration of further litigation; the risk
20 of maintaining a class action status throughout trial; the extent of discovery completed; the experience
21 and views of counsel; and the views of the class members.” (*Laffitte v. Robert Half Internat. Inc.* (2014)
22 231 Cal.App.4th 860, 870 as modified (Nov. 21, 2014), *aff’d Laffitte* 1 Cal.5th 480.) The court also
23 considered that class counsel litigated the case on a contingency basis, introducing inherent risk, and that
24 recent case law raised “significant doubt” about plaintiffs ability to maintain class certification. (*Id.* at
25 870.) California courts routinely approve class action attorneys’ fee awards that “average around one-

26
27 ¹² The fees will be split between Rutan & Tucker, LLP and J. Blonien APLC pursuant to written
28 fee agreements with each of the ten Plaintiffs. In general terms, the firms will be reimbursed their
hard costs and fees incurred at hourly rates, and will share in any remaining funds according to the
proportion of reasonable hours worked.

1 third of the recovery.” (*Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 66 n.11.)

2 The attorneys’ fees Class Counsel intend to seek, and as provided for in the Settlement, are
3 commensurate with: (1) the risk Class Counsel took in bringing and litigating the case on a
4 contingency fee basis; (2) the extensive time, effort and expense Class Counsel dedicated to the
5 case; (3) the skill Class Counsel has shown and results that Class Counsel has achieved throughout
6 the litigation; and (4) the value of the Settlement that Class Counsel has achieved for the class
7 members. (Hori Decl. ¶ 27.) As in *Laffitte*, class counsel litigated on a contingency basis and bore
8 all the risks and costs of litigation. Considering the work performed, the risks involved, and the
9 results achieved, the requested attorneys’ fees are reasonable.

10 **TOPIC 21: PROPOSED COSTS REIMBURSEMENTS.**

11 The Settlement provides that class counsel will “apply to the Court for an award of actual
12 costs incurred by Class Counsel (excluding any costs for Administrator) not to exceed the amount
13 of \$25,000.00.” (Settlement, § XVIII.2.) As of the date of this motion, Plaintiffs estimate their
14 costs incurred to be \$18,909.00. (Hori Decl., ¶ 26, Ex. 14.) Plaintiffs concurrently submit
15 documentation itemizing those costs. (*Id.*) Plaintiffs plan to seek reimbursement of these costs.

16 The Settlement provides “[w]ithin fifteen (15) days of the Funding Date, the Administrative
17 Costs¹³ shall be paid to Administrator from the Settlement Fund.” (Settlement, § XVII.1.) As
18 described above, Plaintiffs have received an estimate for administrative costs of approximately
19 \$93,395. (Topic 19.1, *infra.*) The Settlement also entitles the Administrator to pursue reasonable
20 costs actually incurred through the notice and claims process. (Settlement, § XVII.1.)

21 **TOPIC 22: PROPOSED SERVICE AWARDS.**

22 The Settlement provides that “Class Counsel intends to request at the Final Approval
23 Hearing that the Court approve Service Awards for each of the Named Plaintiffs in an amount not
24 to exceed \$2,500.00 each.” (Settlement, § XIX.) Based upon the Plaintiff’s respective participation,
25 a service award is currently requested for only two named Plaintiffs, specifically (1) Lucky Chances,
26

27 ¹³ “Administrative Costs” are defined as “the actual reasonable costs charged by Administrator for
28 its services in connection with the Settlement and includes the costs of carrying out the
responsibilities set forth in and consistent with this Agreement. Administrative Costs do not include
other fees, costs or expenses, including Attorneys’ Fees and Costs.” (Settlement, § I.1.)

1 Inc., and (2) Fortune Players Group, Inc.¹⁴ Declarations supporting these awards and describing the
2 contributions of these Plaintiffs are being concurrently filed. (See Declaration of Rommel Medina
3 (“Medina Decl.”) and Tricia Castellanos (“Castellanos Decl.”).) The limited service enhancement
4 award is appropriate given those Plaintiff’s participation in the litigation as outlined in those
5 Declarations. That participation includes (1) agreeing to be named plaintiffs, to appear on the case
6 caption, and to be subject to potentially disruptive discovery and deposition demands, (2) regularly
7 communicating with class counsel to provide input and information, including compiling historical
8 information on the Regulatory Fees paid to the Bureau and Commission and providing updates on
9 industry developments, and (3) participating in the settlement process by receiving updates
10 concerning the Commission and Bureau’s positions, and providing insight into the negotiation of a
11 favorable settlement to maximize the recovery for the class. (Medina Decl., ¶ 4; Castellanos Decl.
12 ¶ 4.) Overall, Lucky Chances estimates it spent in excess of 75 hours on this case, and Fortune
13 Players spent in excess of 70 hours on this litigation. (*Id.*) Those companies’ employees and
14 representatives have other business demands and service to the class took time from other activities.
15 Correspondingly, a limited award of \$2,500 appropriately compensates Lucky Chances and Fortune
16 Players, particularly given that those service awards are very small compared to the overall recovery.

17 **TOPIC 23: IMPACT OF SETTLEMENT ON PENDING LITIGATION.**

18 Plaintiffs are not aware of any other litigation brought by a member of the proposed class
19 against Defendants involving the same issues as this case during the “Class Period” as defined in
20 the Settlement. (Hori Decl., ¶ 16.) Plaintiffs are aware that the California Gaming Association is
21 pursuing litigation against the Commission and Bureau in the writ of mandate matter *California*
22 *Gaming Association v. California Gambling Control Commission, et al.*, Case No. CPF-23-518185,
23 pending in San Francisco Superior Court. Plaintiffs understand that action demands the prospective
24 cessation of fee collection and a refund of allegedly overpaid fees after the year 2022, such that the
25 relief demanded does not overlap with Plaintiffs’ complaint.

26
27 ¹⁴ While all Plaintiffs participated in the litigation, accepted the potential burden of discovery, and
28 engaged in settlement, Lucky Chances and Fortune Players took the lead among the Plaintiffs group,
and Lucky Chances was the lead Plaintiff. Correspondingly, to conservatively preserve settlement
funds, a service award is requested only for these two Plaintiffs.

1 Dated: August 11, 2025

RUTAN & TUCKER, LLP

2

By: /s/ Lucas K. Hori

3

Lucas K. Hori

4

J. BLONIEN, APLC

5

By: /s/ Danielle M. Guard

6

Danielle M. Guard

7

Attorneys for Plaintiffs and Petitioners

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1 **PROOF OF SERVICE**

2 **STATE OF CALIFORNIA, COUNTY OF ORANGE**

3 I am employed by the law office of Rutan & Tucker, LLP in the County of Orange, State
4 of California. I am over the age of 18 and not a party to the within action. My business address is
18575 Jamboree Road, 9th Flr., Irvine, CA 92612. My electronic notification address is
5 dcorwin@rutan.com.

6 On August 11, 2025, I served on the interested parties in said action the within:

7 **PLAINTIFFS' NOTICE OF AMENDED MOTION AND AMENDED MOTION
8 FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT;
9 MEMORANDUM OF POINTS AND AUTHORITIES**

10 **DECLARATION OF LUCAS K. HORI IN SUPPORT OF PLAINTIFFS'
11 AMENDED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION
12 SETTLEMENT**

13 **DECLARATION OF JARHETT BLONIEN IN SUPPORT OF PLAINTIFFS'
14 AMENDED MOTION FOR PRELIMINARY APPROVAL**

15 **DECLARATION OF MICHAEL MALAKOUTI IN SUPPORT OF PLAINTIFFS'
16 AMENDED MOTION FOR PRELIMINARY APPROVAL**

17 **DECLARATION OF ROMMEL MEDINA IN SUPPORT OF PLAINTIFFS'
18 AMENDED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION
19 SETTLEMENT**

20 **DECLARATION OF TRICIA CASTELLANOS IN SUPPORT OF PLAINTIFFS'
21 AMENDED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION
22 SETTLEMENT**

23 **DECLARATION OF CAMERON AZARI IN SUPPORT OF PLAINTIFFS'
24 AMENDED MOTION FOR PRELIMINARY APPROVAL**

25 **[PROPOSED] ORDER GRANTING AMENDED MOTION FOR PRELIMINARY
26 APPROVAL OF CLASS ACTION SETTLEMENT**

27 as stated below:

28 Daniel Robertson, Esq.
Michael Sapoznikow, Esq.
Rob Bonta, Esq.
Jennifer Henderson, Esq.
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10 Email: jarhett@jblonien.com; dguard@jblonien.com

11 (BY MAIL) by placing a true copy thereof in sealed envelope(s) addressed as shown
12 above.

13 In the course of my employment with Rutan & Tucker, LLP, I have, through first-hand
14 personal observation, become readily familiar with Rutan & Tucker, LLP's practice of collection
15 and processing correspondence for mailing with the United States Postal Service. Under that
16 practice, I deposited such envelope(s) in an out-box for collection by other personnel of Rutan &
17 Tucker, LLP, and for ultimate posting and placement with the U.S. Postal Service on that same
18 day in the ordinary course of business. If the customary business practices of Rutan & Tucker,
19 LLP with regard to collection and processing of correspondence and mailing were followed, and I
20 am confident that they were, such envelope(s) were posted and placed in the United States mail at
21 Costa Mesa, California, that same date. I am aware that on motion of party served, service is
22 presumed invalid if postal cancellation date or postage meter date is more than one day after date
23 of deposit for mailing in affidavit.

24 (BY FEDEX) by depositing in a box or other facility regularly maintained by FedEx, an
25 express service carrier, or delivering to a courier or driver authorized by said express
26 service carrier to receive documents, a true copy of the foregoing document in sealed
27 envelopes or packages designated by the express service carrier, addressed as shown
28 above, with fees for overnight delivery provided for or paid.

(BY E-MAIL VIA ONE LEGAL) by transmitting a true copy of the foregoing
document(s) to the e-mail addresses set forth above.

Executed on August 11, 2025, at Costa Mesa, California.

I declare under penalty of perjury under the laws of the State of California that the
foregoing is true and correct.

Debbie Corwin
(Type or print name)

/s/ Debbie Corwin
(Signature)