

04/21/2026

Superior Court of California

David W. Slayton, Executive Officer / Clerk of Court

County of Los Angeles

By: M. Zavala Deputy

Spring Street Courthouse, Department 9

LUIS MONTIEL,

Plaintiffs,

vs.

STONE BLUE, INC.,

Defendants.

Case No.: 25STCV16784

Hearing Dates: 2/18/26, 4/21/26

FINAL ORDER RE:

DEFENDANT'S MOTION TO
COMPEL ARBITRATION

Background

This is a putative wage-and-hour class and representative action. Plaintiff Luis Montiel ("Plaintiff") alleges that he and the putative class members are and were employed by Defendant Stone Blue, Inc. ("Defendant") and that Defendant violated the Labor Code, Industrial Welfare Commission wage orders, and the Business and Professions Code.

On June 10, 2025, Plaintiff filed the instant class and representative action against Defendant. In the complaint, Plaintiffs assert nine causes of action for: (1) failure to pay minimum wages, (2) failure to pay overtime wages, (3) failure to provide meal period or premium pay in lieu thereof, (4) failure to provide rest periods or premium pay in lieu thereof, (5) failure to reimburse necessary business expenses, (6) failure to provide and maintain

1 accurate records, (7) failure to pay wages when due during employment and at separation, (8)
2 civil penalties under the Private Attorneys General Act (“PAGA”), and (9) unfair competition.

3 On November 17, 2025, Defendant filed the instant motion to compel Plaintiff’s claims
4 to arbitration. On January 29, 2026, Plaintiff filed an opposition. On February 9, 2026,
5 Defendant filed a reply.
6

7 ***Evidentiary Objections***

8 Plaintiff’s Evidentiary Objections

9 In conjunction with the opposition, Plaintiff objects to portions of the declaration of
10 Jonathan Doulas. The Court rules as follows:

11 *Declaration of Jonathan Doulas*

12 1. Overruled
13

14 ***Legal Standard***

15 California law incorporates many of the basic policy objectives contained in the Federal
16 Arbitration Act, including a presumption in favor of arbitrability. (See *Engalla v. Permanente*
17 *Medical Group, Inc.* (1997) 15 Cal.4th 951, 971-972.) Under Code of Civil Procedure section
18 1281, a “written agreement to submit to arbitration an existing controversy or a controversy
19 thereafter arising is valid, enforceable and irrevocable, save upon such grounds as exist for the
20 revocation of any contract.”

21 “On petition of a party to an arbitration agreement alleging the existence of a written
22 agreement to arbitrate a controversy and that a party to the agreement refuses to arbitrate that
23 controversy, the court shall order the petitioner and the respondent to arbitrate the controversy if
24 it determines that an agreement to arbitrate the controversy exists, unless it determines that:

25 (a) The right to compel arbitration has been waived by the petitioner; or

1 (b) Grounds exist for rescission of the agreement.

2 (c) A party to the arbitration agreement is also a party to a pending court action or special
3 proceeding with a third party, arising out of the same transaction or series of related transactions
4 and there is a possibility of conflicting rulings on a common issue of law or fact. . . .” (Code
5 Civ. Proc., § 1281.2.)

6 The right to arbitration depends upon contract; a petition to compel arbitration is simply a
7 suit in equity seeking specific performance of that contract. (*Marcus & Millichap Real Estate*
8 *Inv. Brokerage Co. v. Hock Inv. Co.* (1998) 68 Cal.App.4th 83, 88.) When presented with a
9 petition to compel arbitration, the trial court's first task is to determine whether the parties have
10 in fact agreed to arbitrate the dispute. (*Ibid.*)

11 “*Rosenthal* [*v. Great Western Fin. Securities Corp.* (1996) 14 Cal.4th 394] explained:
12 ‘[W]hen a petition to compel arbitration is filed and accompanied by prima facie evidence of a
13 written agreement to arbitrate the controversy, the court itself must determine whether the
14 agreement exists and, if any defense to its enforcement is raised, whether it is enforceable.
15 Because the existence of the agreement is a statutory prerequisite to granting the petition, the
16 petitioner bears the burden of proving its existence by a preponderance of the evidence. If the
17 party opposing the petition raises a defense to enforcement—either fraud in the execution
18 voiding the agreement, or a statutory defense of waiver or revocation (see § 1281.2, subs. (a),
19 (b))—that party bears the burden of producing evidence of, and proving by a preponderance of
20 the evidence, any fact necessary to the defense.’ (*Rosenthal, supra*, at 413.) According to
21 *Rosenthal*, facts relevant to enforcement of the arbitration agreement must be determined ‘in the
22 manner . . . provided by law for the . . . hearing of motions.’ (*Rosenthal, supra*, at 413, quoting §
23 1290.2.) This ‘ordinarily mean[s] the facts are to be proven by affidavit or declaration and
24 documentary evidence, with oral testimony taken only in the court’s discretion.’ (*Rosenthal*,

1 *supra*, at 413-414; . . .).” (*Hotels Nevada v. L.A. Pacific Center, Inc.* (2006) 144 Cal.App.4th
2 754, 761-762.)

4 ***Discussion***

5 Existence of an Agreement to Arbitrate

6 Under both the Federal Arbitration Act and California law, arbitration agreements are
7 valid, irrevocable, and enforceable, except on such grounds that exist at law or equity for voiding
8 a contract. (*Winter v. Window Fashions Professions, Inc.* (2008) 166 Cal.App.4th 943, 947.) In
9 ruling on a motion to compel arbitration, the court must first determine whether the parties
10 actually agreed to arbitrate the dispute, and general principles of California contract law help
11 guide the court in making this determination. (*Mendez v. Mid-Wilshire Health Care Center*
12 (2013) 220 Cal.App.4th 534, 541.) “With respect to the moving party’s burden to provide
13 evidence of the *existence* of an agreement to arbitrate, it is generally sufficient for that party to
14 present a copy of the contract to the court.” (*Baker v. Italian Maple Holdings, LLC* (2017) 13
15 Cal.App.5th 1152, 1160.)

16 Here, Defendant asserts that all of Plaintiff’s claims are subject to an arbitration clause in
17 a Collective Bargaining Agreement (“CBA”). In support of this assertion, Defendant presents
18 the declaration of Jonathan Doulas. Jonathan Doulas is counsel for third-party Samuel Hale 2,
19 LLC dba SHE3. (Doulas Decl. ¶ 1.) “Counsel [Doulas] [is] the chief legal officer of Samuel
20 Hale.” (Doulas Decl. ¶ 2.) “As Counsel [Doulas has] . . . personal knowledge of Samuel Hale’s
21 business operations and administrative practices, including the creation and retention of client
22 employee personnel files and company legal documents governing client services, labor relations
23 and union membership. [Doulas] [is] qualified to authenticate true and correct copies of these
24 files and documents, all of which are maintained as business records by Samuel Hale.” (Doulas
25

Decl. ¶ 3.) “Samuel Hale is a professional employer organization and provider of payroll services and workers’ compensation insurance based in Folsom, California.” (Douglas Decl. ¶ 4.)

“[Defendant] ... has been a client of Samuel Hale since January 1, 2024. Pursuant to a client services agreement Samuel Hale provides [Defendant] administrative services, including payroll and workers’ compensation. As a condition of coverage employees of [Defendant] are required to complete, among other forms, an application for membership into the union known as The PACT. On May 16, 2024 Luis Montiel, the plaintiff in this case, became an employee of [Defendant] and completed a PACT membership application. (Douglas Decl. ¶ 5, Exh. A [Plaintiff’s PACT membership application].) The PACT membership application appears to have been hand signed by Plaintiff on May 16, 2024 – the same day Plaintiff states that he began working for Defendant. (Douglas Decl. ¶ 5, Exh. A; Montiel Decl. ¶ 2.)

“Members of The PACT are subject to a collective bargaining agreement between The PACT and Samuel Hale. Samuel Hale administers this CBA on behalf of its clients and its clients’ employees who are covered by the agreement.” (Douglas Decl. ¶ 6, Exh. B [CBA between The PACT and Samuel Hale].) This CBA – which was ratified December 18, 2020 and effective through September 30, 2023 – has been extended multiple times through December 31, 2025. (Douglas Decl. ¶ 6, Exhs. C-E.) The CBA provides in relevant part:

**MEMORANDUM OF UNDERSTANDING
BETWEEN
SAMUEL HALE, LLC
AND
THE PACT
WITH ADR APPLICATION**

This Agreement (Agreement") is made and entered into by and between SAMUEL HALE, LLC, hereinafter referred to as the "Employer", and THE PACT, hereinafter referred to as the "the Union". The term "parties", as used herein, shall refer to the Employer and the Union.

1 This Agreement, setting forth the terms and conditions of employment of employees
2 covered herein, is for the purpose of maintaining harmonious and constructive relation
3 between the parties.

4 As used in this Agreement, the term "employees" means all workers covered by this
5 Agreement, whether male or female and the use of the masculine gender and other
6 masculine terms shall include the feminine.

7 As used in this Agreement, the term "customer" means any organization, corporation, or
8 person with which the Employer has an agreement to provide PACT workers to perform
9 services. It is not the parties' intention for the obligations or benefits of this Agreement to
10 extend to any unintended third party or parties unless done so in a writing executed by the
11 parties and such third party or parties.

12 ...

13 **8.16 GRIEVANCE AND ARBITRATION OF CLAIMS FLSA, CALIFORNIA**
14 **LABOR CODE, AND APPLICABLE CALIFORNIA WAGE ORDERS:** Claims and
15 claims for associated penalties arising under the federal Fair Labor Standards Act, the
16 California Labor Code, and Applicable Wage Order(s) including Wage Order 1, 2, 4, and
17 16 will be resolved through the procedures set forth in the Wage and Related Claims
18 Dispute Resolution System described in this section. Such claims may not be brought in a
19 court of law or before any administrative agency such as the California Labor
20 Commissioner.

21 **8.16.1** The undertakings described here with respect to arbitration apply to those
22 circumstances in which an employee is seeking to resolve statutory rather than
23 contractual disputes concerning wages, meals, rest periods, and/or recovery
24 periods. The arbitration forum described here will be available to employees, both
25 those who are represented by counsel of their choice and those who are not
represented by counsel.

8.16.2 The Union will not be a party to the arbitration described in this section,
and the arbitrator shall not have authority to award relief that would require
amendment of the Collective Bargaining Agreement or other agreement(s)
between the Union and the Employer or conflict with any provision of any
Collective Bargaining Agreements or such other agreement(s). Any arbitration
outcome shall have no precedential value with respect to the interpretation of the
Collective Bargaining Agreements or other agreement(s) between the Union and
the Employer

8.16.3 The arbitrator shall be selected from a panel of seven (7) arbitrators,
requested by the employee of the United States Federal Mediation and
Conciliation Service and furnished by the United States Federal Mediation and
Conciliation Service. The arbitrator will be selected by each party taking turns

striking a name from the list until one name remains. The Employer shall strike first in this selection process.

8.16.4 The arbitrator may grant any remedy or relief that would have been available to the parties had the matter been heard in court, including awards of attorney's fees and costs, in accordance with applicable law. The limitations periods will equal the limitations periods provided for had the matter been heard in court. The award shall be accompanied by a reasoned opinion. All costs connected with an arbitration under these provisions (such as the arbitrator's fees and costs court reporter, and facility charges, etc.) shall be paid entirely by the Employer.

8.16.5 Depositions shall be limited to a maximum of four (4) per party and shall be held within fourteen (14) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of four (4) hours' duration. Each party will, upon written request of the other party, promptly provide the other with copies of all relevant evidence.

(Douglas Decl. ¶ 6, Exh. B.)

The CBA does not bear Plaintiff's signature. However, Plaintiff – as a union member of The PACT – is subject to the CBA and any arbitration agreement included within the CBA. (*Oswald v. Murray Plumbing and Heating Corporation* (2022) 82 Cal.App.5th 938, 944; see also *Florio v. City of Ontario* (2005) 130 Cal.App.4th 1462, 1466, [“ ‘a member of a bargaining unit is bound by the terms of a valid collective bargaining agreement’ ”].) Accordingly, Defendant meets its moving burden by showing that Plaintiff is subject to the arbitration provision in the CBA.

In opposition, Plaintiff contends that because Plaintiff did not personally sign the CBA agreement, there is no mutual assent to arbitrate. Plaintiff is mistaken. It is immaterial that Plaintiff never received or signed the CBA. “As a union member, [Plaintiff] enjoys the benefits of the union's bargaining power but he is also subject to the burdens imposed by the CBA, which limit his remedy for Labor Code violations to an arbitral forum.” (*Oswald, supra*, 82 Cal.App.5th at p.944.) Plaintiff does not dispute that he is a member of the Union. Nor does Plaintiff cite any authority for Plaintiff's contention that despite Plaintiff's membership within

1 The PACT union, Plaintiff is not bound by collective bargaining agreements negotiated and
2 executed by said union.

3 Accordingly, Defendant shows that Plaintiff is bound by the CBA and the arbitration
4 provision within it.

5
6 Defendant Is Entitled to Enforce the CBA

7 Defendant asserts that although it is not a signatory to the CBA, Defendant is entitled to
8 enforce the arbitration provision in the CBA. Plaintiff opposes.

9 “It is well established that a non-signatory beneficiary of an arbitration clause is entitled
10 to require arbitration.” (*Harris v. Superior Court* (1986) 188 Cal.App.3d 475, 478.) “[A] third
11 party — that is, an individual or entity that is not a party to a contract — may bring a breach of
12 contract action against a party to a contract only if the third party establishes not only (1) that it
13 is likely to benefit from the contract, but also (2) that a motivating purpose of the contracting
14 parties is to provide a benefit to the third party, and further (3) that permitting the third party to
15 bring its own breach of contract action against a contracting party is consistent with the
16 objectives of the contract and the reasonable expectations of the contracting parties.”
17 (*Goonewardene v. ADP, LLC* (2019) 6 Cal.5th 817, 821.)

18 “A contract, made expressly for the benefit of a third person, may be enforced by him at
19 any time before the parties thereto rescind it.” (Civ. Code, § 1559.) “The test for determining
20 whether a contract was made for the benefit of a third person is whether an intent
21 to benefit a third person appears from the terms of the contract. [Citation.] If the terms of
22 the contract necessarily require the promisor to confer a benefit on a third person, then
23 the contract, and hence the parties thereto, contemplate a benefit to the third person. The parties
24 are presumed to intend the consequences of a performance of the contract.” (*Spinks v. Equity*
25 *Residential Briarwood Apartments* (2009) 171 Cal.App.4th 1004, 1022.)

1 “[T]he third person need not be named or identified individually to be an express
2 beneficiary.” (*Id.* at p.1023.) ““A third party may enforce a contract where he shows that he is a
3 member of a class of persons for whose benefit it was made.”” (*Ronay Family Limited*
4 *Partnership v. Tweed* (2013) 216 Cal.App.4th 830, 838-839.)

5 Here, the CBA names The PACT and Samuel Hale as the parties to the agreement – *i.e.*,
6 as “the Union” and the “Employer” respectively. (Douglas Decl. ¶ 6, Exh. B [“This Agreement
7 (Agreement”) is made and entered into by and between SAMUEL HALE, LLC, hereinafter
8 referred to as the ‘Employer’, and THE PACT, hereinafter referred to as the ‘the Union’. The
9 term ‘parties’, as used herein, shall refer to the Employer and the Union.”].) Though the CBA
10 states that the CBA is not meant to extend to any “unintended third party,” the CBA expressly
11 names two classes of *intended* third-party beneficiaries: “employees” and “customers.” In the
12 CBA, a “‘customer’ means any organization, corporation, or person with which the Employer
13 has an agreement to provide PACT workers to perform services.” (Douglas Decl. ¶ 6, Exh. B.)
14 Defendant is a customer of Samuel Hale. (Douglas Decl. ¶ 5.) Thus, Defendant is an intended
15 third-party beneficiary of the CBA.

16 Moreover, the arbitration provision in the CBA is clearly intended to apply to these
17 intended third-parties. First, the CBA explicitly notes that The PACT will not be a party to the
18 arbitration and explains that the arbitration forum will be available to employees. (Douglas Decl.
19 ¶ 6, Exh. B at ¶¶ 8.16.1-8.16.2.) Second the arbitration provision is not limited to claims *against*
20 Samuel Hale. Rather, the arbitration provisions applies to all statutory wage and hour claims
21 arising from Plaintiff’s employment with Samuel Hale. (Douglas Decl. ¶ 6, Exh. B [“Claims and
22 claims for associated penalties arising under the federal Fair Labor Standards Act, the California
23 Labor Code, and applicable Wage Order(s} Including Wage Order 1, 2, 4, and 16 will be
24 resolved through the procedures set forth in the Wage and Related Claims Dispute Resolution
25 System described in this section.”].) Because Plaintiff’s employment with Defendant was

1 through Samuel Hale, it is governed by the CBA and the arbitration provision within the CBA.

2 In sum, Defendant is an intended third-party beneficiary of the CBA and can enforce the
3 arbitration provision therein.

4
5 The Federal Arbitration Act Governs the CBA

6 “A party seeking to enforce an arbitration agreement has the burden of showing FAA
7 preemption.” (*Lane v. Francis Capital Mgmt. LLC* (2014) 224 Cal.App.4th 676, 687.) “The FAA
8 applies to contracts that involve interstate commerce (9 U.S.C. §§ 1, 2), but since arbitration is a
9 matter of contract, the FAA also applies if it is so stated in the agreement.” (*Davis v. Shiekh*
10 *Shoes, LLC* (2022) 84 Cal.App.5th 956, 963.) If the agreement is silent, the FAA provides for
11 enforcement of arbitration provisions in any “‘contract *evidencing a transaction* involving
12 commerce.’ (9 U.S.C. § 2.)” (*Allied-Bruce Terminix Companies, Inc. v. Dobson* (1995) 513 U.S.
13 265, 277 [italics in original].) Accordingly, “[t]he party asserting the FAA bears the burden to
14 show it applies by presenting evidence establishing the contract with the arbitration provision has
15 a substantial relationship to interstate commerce[.]” (*Carbajal v. CWPSC, Inc.* (2016) 245
16 Cal.App.4th 227, 234; *Evenskaas v. California Transit, Inc.* (2022) 81 Cal.App.5th 285, 292
17 [“The party asserting the FAA applies to an agreement has ‘the burden to demonstrate FAA
18 coverage by declarations and other evidence.’”].)

19 Defendant presents evidence that the FAA applies because Samuel Hale – “the
20 Employer” named in the CBA -- is involved in interstate commerce. Doulas states that
21 “[a]lthough it chiefly operates in California Samuel Hale has employer clients that operate in
22 other states such as Arizona, Florida, South Carolina and Georgia. Samuel Hale engages in
23 interstate commerce by contracting with those clients that put employees to work at out of state
24 worksites. The company also contracts with E3 HR, Inc., a New Jersey based PEO, to deliver
25 services to those clients with out of state employees.” (Doulas Decl. ¶ 4.) Samuel Hale also

1 contracts with E3 HR, Inc., a New Jersey based PEO, to deliver services to those clients with out
2 of state employees. (*Id.*) Samuel Hale markets its services on the Internet at
3 <https://samuelhale.com/> and <https://www.she3.com/> and banks with Bank of America which is
4 headquartered in North Carolina. (*Id.*)

5 Accordingly, the Federal Arbitration Act applies.

6
7 Scope of the Arbitration Provision in the CBA

8 The arbitration provision within the CBA provides in relevant part that:

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11 claims for associated penalties arising under the federal Fair Labor Standards Act, the
12 California Labor Code, and Applicable Wage Order(s) including Wage Order 1, 2, 4, and
13 16 will be resolved through the procedures set forth in the Wage and Related Claims
Dispute Resolution System described in this section. Such claims may not be brought in a
court of law or before any administrative agency such as the California Labor
Commissioner.

14 (Douglas Decl. ¶ 6, Exh. B [*italics added*].)

15 Here, Plaintiff's claims in the complaint are statutory wage and hour claims that arise
16 from Plaintiff's employment relationship with Defendant. (Complaint ¶¶ 22-77.) Because
17 Defendant was a customer of Samuel Hale, and Plaintiff's employment with Defendant was
18 through this customer relationship between Defendant and Samuel Hale, Plaintiff's statutory
19 claims are governed by the arbitration provision within the CBA.

20
21 Enforceability of the Arbitration Provision in the CBA

22 "Once such a document is presented to the court, the burden shifts to the party opposing
23 the motion to compel, who may present any challenges to the enforcement of the agreement and
24 evidence in support of those challenges." (*Baker, supra*, 13 Cal.App.5th at p.1160.)

1 “California courts analyze unconscionability as having a procedural and a substantive
2 element.” (*Kinney v. United Healthcare Services, Inc.* (1999) 70 Cal.App.4th 1322, 1329.)
3 “[B]oth elements must be present before a contract or contract provision is rendered
4 unenforceable on grounds of unconscionability.” (*Ibid.*) The doctrine of unconscionability
5 refers to “an absence of meaningful choice on the part of one of the parties together with contract
6 terms which are unreasonably favorable to the other party.” (*Sonic-Calabasas A, Inc. v. Moreno*
7 (2013) 57 Cal.4th 1109, 1133.) It consists of procedural and substantive components, “the
8 former focusing on oppression or surprise due to unequal bargaining power, the latter on overly
9 harsh or one-sided results.” (*Ibid.*) Although both components of unconscionability must be
10 present to invalidate an arbitration agreement, they need not be present in the same degree.
11 (*Armendariz v. Found Health Psychcare Servs., Inc.* (2000) 24 Cal.4th 83, 114.) “Essentially a
12 sliding scale is invoked which disregards the regularity of the procedural process of the contract
13 formation, that creates the terms, in proportion to the greater harshness or unreasonableness of
14 the substantive terms themselves. [Citations.] In other words, the more substantively oppressive
15 the contract term, the less evidence of procedural unconscionability is required to come to the
16 conclusion that the term is unenforceable, and vice versa.” (*Ibid.*) “The party resisting
17 arbitration bears the burden of proving unconscionability.” (*Pinnacle Museum Tower Assn. v.*
18 *Pinnacle Market Dev. (US), LLC* (2012) 55 Cal.4th 223, 247.)

19 20 *Procedural Unconscionability*

21 “ ‘Procedural unconscionability’ concerns the manner in which the contract was
22 negotiated and the circumstances of the parties at that time. [Citation.] It focuses on factors of
23 oppression and surprise. (*Ibid.*)” (*Kinney, supra*, 70 Cal.App.4th at p.1329.) “ ‘ ‘ ‘Oppression
24 occurs where a contract involves lack of negotiation and meaningful choice, *surprise* where the
25 allegedly unconscionable provision is hidden within a prolix printed form.’ ” ” ” (*OTO, L.L.C. v.*

1 *Kho* (2019) 8 Cal.5th 111, 126.) “ ‘[A] finding of procedural unconscionability does not mean
2 that a contract will not be enforced, but rather that courts will scrutinize the substantive terms of
3 the contract to ensure they are not manifestly unfair or one-sided.’ ” (*Baltazar v. Forever 21,*
4 *Inc.* (2016) 62 Cal.4th 1237, 1244.)

5 Plaintiff asserts that the arbitration provision in the CBA is procedurally unconscionable
6 because it is a contract of adhesion.

7 8 **Adhesion Contract**

9 The term adhesion contract “ ‘signifies a standardized contract, which, imposed and
10 drafted by the party of superior bargaining strength, relegates to the subscribing party only the
11 opportunity to adhere to the contract or reject it.’ [Citation.]” (*Graham v. Scissor-Tail, Inc.*
12 (1981) 28 Cal.3d 807, 817.)

13 Here, Plaintiff was required to join The PACT as part of onboarding with Samuel Hale.
14 (Douglas Decl. ¶ 5, Exh. A.) Moreover, “[Plaintiff] was not told that any of the onboarding
15 documents were optional, and [Plaintiff] was not given any opportunity to negotiate the terms of
16 any documents presented to [him].” (Montiel Decl. ¶ 5.) However, Plaintiff fails to cite any
17 evidence indicating that the CBA was not obtained through arms-length negotiations of parties
18 with similar bargaining strength: Samuel Hale and The Pact. Regardless, Plaintiff shows some
19 evidence indicating that the CBA might be a contract of adhesion.

20 “It is well settled that adhesion contracts in the employment context, that is, those
21 contracts offered to employees on a take-it-or-leave-it basis, typically contain some aspects of
22 procedural unconscionability.” (*Serpa v. California Surety Investigations, Inc.* (2013) 215
23 Cal.App.4th 695, 704.) However, “this adhesive aspect of an agreement is not dispositive.”
24 (*Ibid.*) In the absence of “surprise or other sharp practices,” courts do not recognize that
25 “adhesive” arbitration agreements establish a high degree of procedural unconscionability.

1 (*Baltazar v. Forever 21 Inc.* (2016) 62 Cal.4th 1237, 1245.)

2 In sum, the Court finds that Plaintiff shows a minimal degree of procedural
3 unconscionability. However, “a finding of procedural unconscionability does not mean that a
4 contract will not be enforced, but rather that courts will scrutinize the substantive terms of the
5 contract to ensure they are not manifestly unfair or one-sided.” (*Sanchez v. Valencia Holding*
6 *Co., LLC* (2015) 61 Cal.4th 899, 915.)

7
8 *Substantive Unconscionability*

9 “Substantive unconscionability” focuses on the terms of the agreement and whether those
10 terms are “so one-sided as to ‘shock the conscience.’” (*Kinney, supra*, 70 Cal.App.4th at
11 p.1330.)

12 Plaintiff contends that the arbitration provision within the CBA is substantively
13 unconscionable because it contractually limits the rights of the arbitrator preventing a full
14 vindication of statutory rights.

15 In relevant part the CBA provides that “the arbitrator shall not have authority to award
16 relief that would require amendment of the Collective Bargaining Agreement or other
17 agreement(s) between the Union and the Employer or conflict with any provision of any
18 Collective Bargaining Agreements or such other agreement(s).” (Douglas Decl. ¶ 6, Exh. B.)
19 Plaintiff claims that “[t]his limitation prevents the arbitrator from fully enforcing statutory Labor
20 Code rights where compliance requires departure from, or correction of, unlawful contractual
21 practices.” (Opp. at p.8:7-9.) However, Plaintiff fails to cite any provision of the CBA that is
22 unlawful or would require the arbitrator to amend the CBA. Moreover, the CBA explicitly
23 provides that “[t]he arbitrator may grant any remedy or relief that would have been available to
24 the parties had the matter been heard in court, including awards of attorney’s fees and costs, in
25 accordance with applicable law.” (Douglas Decl. ¶ 6, Exh. B.)

1 Accordingly, Plaintiff fails to show any substantive unconscionability.

2
3 Plaintiffs' Individual PAGA Claim

4 With regard to Plaintiff's PAGA claim, only the individual portion of said claim can be
5 ordered to arbitration.

6 In *Iskanian v. CLS Transportation Los Angeles, LLC* (2014) 59 Cal.4th 348, the
7 California Supreme Court held that "an arbitration agreement requiring an employee as a
8 condition of employment to give up the right to bring representative PAGA actions in any forum
9 is contrary to public policy." (*Id.* at p. 360.) Subsequently in *Viking River Cruises, Inc. v.*
10 *Moriana* (2022) 142 S.Ct. 1906, SCOTUS abrogated *Iskanian* in part.

11 In *Viking River Cruises*, "Petitioner Viking River Cruises, Inc. (Viking), [was] a
12 company that offer[ed] ocean and river cruises around the world. When respondent Angie
13 Moriana [Moriana] was hired by Viking as a sales representative, she executed an agreement to
14 arbitrate any dispute arising out of her employment." (*Viking River Cruises, Inc., supra*, 142
15 S.Ct. at pp.1915–1916.) "After leaving her position with Viking, Moriana filed a PAGA action
16 against Viking in California court." (*Viking River Cruises, Inc., supra*, 142 S.Ct. at p.1916.)
17 "Viking moved to compel arbitration of Moriana's 'individual' PAGA claim—here meaning the
18 claim that arose from the violation she suffered—and to dismiss her other PAGA claims."
19 (*Ibid.*) The California trial court and appellate court denied Viking's motion to compel
20 arbitration which "was dictated by the California Supreme Court's decision in *Iskanian*." (*Viking*
21 *River Cruises, Inc., supra*, 142 S.Ct. at p.1916.) SCOTUS "granted certiorari in [*Viking River*
22 *Cruises*] to decide whether the [FAA] preempts a rule of California law that invalidates
23 contractual waivers of the right to assert representative claims under [PAGA]." (*Id.* at p.1913.)

24 SCOTUS concluded "that the FAA preempts the rule of *Iskanian* insofar as it precludes
25 division of PAGA actions into individual and non-individual claims through an agreement to

1 arbitrate.” (*Viking River Cruises, Inc., supra*, 142 S.Ct. at p.1924.) SCOTUS then concluded
2 that “Viking [wa]s entitled to compel arbitration of Moriana's individual claim.” (*Id.* at p.1925.)

3 Pursuant to *Viking River Cruises*, there is an individual and non-individual portion of a
4 PAGA claim. (*Id.* at p.1924.) Only individual PAGA claims can be compelled to arbitration
5 under the FAA. (*Id.* at p.1925.) After holding that the individual PAGA claims were to be
6 compelled to arbitration, Justice Alito’s opinion turned to the “remaining question [of] what the
7 lower courts should have done with Moriana’s non-individual claims. Under [SCOTUS’s]
8 holding in [*Viking River Cruise*], those claims may not be dismissed simply because they are
9 ‘representative,’” since “*Iskanian*’s rule remains valid to that extent.” (*Viking River Cruises,*
10 *Inc., supra*, 142 S.Ct. at p.1925.) In section IV of the Opinion, Justice Alito opined in dicta that:

11 PAGA provides no mechanism to enable a court to adjudicate non-individual PAGA
12 claims once an individual claim has been committed to a separate proceeding. Under
13 PAGA's standing requirement, a plaintiff can maintain non-individual PAGA claims in
14 an action only by virtue of also maintaining an individual claim in that action. See Cal.
15 Lab. Code Ann. §§ 2699(a), (c). When an employee's own dispute is pared away from a
16 PAGA action, the employee is no different from a member of the general public, and
17 PAGA does not allow such persons to maintain suit. See *Kim*, 9 Cal.5th at 90, (“PAGA's
standing requirement was meant to be a departure from the ‘general public’ ... standing
originally allowed” under other California statutes). As a result, Moriana lacks statutory
standing to continue to maintain her non-individual claims in court, and the correct
course is to dismiss her remaining claims.

18 (*Viking River Cruises, Inc., supra*, 142 S.Ct. at p.1925.)

19 Justice Barrett concurred in the judgment, agreeing that reversal was required because
20 PAGA’s procedure “is akin to other aggregation devices that cannot be imposed on a party to an
21 arbitration agreement.” (*Viking River Cruises, Inc., supra*, 142 S.Ct. at p.1926 (conc. opn. of
22 Barrett, J.)) However, Justice Barrett’s concurring opinion, joined by Justice Kavanaugh and
23 Chief Justice Roberts, expressly declined to join in the majority opinion’s further holding that
24 Moriana lacked statutory standing to continue to maintain her non-individual claims. (*Viking*
25 *River Cruises, Inc., supra*, 142 S.Ct. at p. 1926 (conc. opn. of Barrett, J. “[t]he discussion in

1 Parts II and IV of the Court’s opinion is unnecessary to the result, and much of it addresses
2 disputed state-law questions as well as arguments not pressed or passed upon in this case.”)].)

3 In her concurrence, Justice Sotomayor observed that:

4 The Court concludes that the FAA poses no bar to the adjudication of respondent Angie
5 Moriana’s “non-individual” PAGA claims, but that PAGA itself “provides no mechanism
6 to enable a court to adjudicate non-individual PAGA claims once an individual claim has
7 been committed to a separate proceeding.” *Ante*, at 1925. Thus, the Court reasons, based
8 on available guidance from California courts, that Moriana lacks “statutory standing”
9 under PAGA to litigate her “non-individual” claims separately in state court. *Ibid*. Of
10 course, if this Court’s understanding of state law is wrong, California courts, in an
11 appropriate case, will have the last word. Alternatively, if this Court’s understanding is
12 right, the California Legislature is free to modify the scope of statutory standing under
13 PAGA within state and federal constitutional limits. With this understanding, I join the
14 Court’s opinion.

15 (*Viking River Cruises, Inc. v. Moriana* (2022) 142 S.Ct. at p.1925, [conc. opn. of Justice
16 Sotomayor].)

17 It is well established that “[t]he state courts are the final arbiters of [California statutes’]
18 meaning and appropriate application, subject only to review by [SCOTUS] if such construction
19 or application is appropriately challenged on constitutional grounds.” (*Beal v. Missouri Pac. R.*
20 *R. Corp.* (1941) 312 U.S. 45, 50; see *Shams v. Revature LLC* (N.D. Cal. 2022) 621 F.Supp.3d
21 1054, 1059, [“Although the Supreme Court suggests that under PAGA, Moriana lost standing to
22 pursue her non-individual PAGA claims, because the California Supreme Court is the final
23 arbiter of California law, this Court applies *Kim*’s interpretation of PAGA standing to this
24 case.”].)

25 The California Supreme Court has definitively and conclusively answered this question
in *Adolph v. Uber Technologies, Inc.* (2023) 14 Cal.5th 1104. In *Adolph*, the California Supreme
Court noted, “a worker becomes an ‘aggrieved employee’ with standing to litigate claims on
behalf of fellow employees upon sustaining a Labor Code violation committed by his or her
employer. [Citations.] Standing under PAGA is not affected by enforcement of an agreement to

1 adjudicate a plaintiff's individual claim in another forum. Arbitrating a PAGA plaintiff's
2 individual claim does not nullify the fact of the violation or extinguish the plaintiff's status as an
3 aggrieved employee..." (*Adolph, supra*, 14 Cal.5th at p.1121.) Thus, "where a plaintiff has filed
4 a PAGA action comprised of individual and non-individual claims, an order compelling
5 arbitration of individual claims does not strip the plaintiff of standing to litigate non-individual
6 claims in court." (*Adolph, supra*, 14 Cal.5th at p.1123.)

7 Accordingly, the individual portion of Plaintiff's PAGA claims must be compelled to
8 arbitration, and the non-individual portions cannot be dismissed. Therefore, the Court will stay
9 the non-individual portions of Plaintiffs' PAGA claims against Defendant pending resolution of
10 the arbitration of Plaintiff's individual PAGA claims.

11
12 The Parties' Submission on February 18, 2026 to the Tentative Ruling up to this Juncture

13 Based on the foregoing, Defendant Stone Blue, Inc.'s motion to compel arbitration is
14 **GRANTED** as to all of Plaintiff's individual claims, including the individual component of
15 Plaintiff's PAGA claim, and **DENIED** as to Plaintiff Luis Montiel's class claims and the non-
16 individual component of Plaintiff's PAGA claim.

17 As noted at the February 18, 2026 hearing, all Parties submitted at the February 18, 2026
18 hearing on the portion of the tentative ruling set forth above, including the Court's conclusion
19 that Defendant Stone Blue, Inc.'s motion to compel arbitration shall be **GRANTED** as to all of
20 Plaintiff's individual claims, including the individual component of Plaintiff's PAGA claim, and
21 **DENIED** as to Plaintiff Luis Montiel's class claims and the non-individual component of
22 Plaintiff's PAGA claim. Accordingly, at the February 18, 2026 hearing, the Court adopted these
23 portions of its tentative ruling up to this juncture.

24
25 Supplemental Briefing

1 At the conclusion of the February 18, 2026 hearing, there was only one remaining
2 disputed issue -- Defendant's request to dismiss Plaintiff's class claims. The Court noted in its
3 February 18, 2026 order that the question remains what to do with Plaintiff Montiel's class
4 claims. The Court Ordered further briefing on this last issue and continued the hearing through
5 April 21, 2026.

6 On March 6, 2026, Defendant filed a supplemental brief in support of dismissing the
7 class claims. On March 20, 2026, Plaintiff filed a supplemental opposition. On April 6, 2026,
8 Defendant filed a supplemental reply. On April 6, 2026, Plaintiff filed an objection to
9 Defendant's supplemental reply as untimely.

10
11 ***Untimely Supplemental Reply***

12 In the Court's February 18, 2026 Order, the Court set forth the following briefing
13 schedule for the supplemental papers: "[b]y no later than 3/6/26, Defendants must file and serve
14 any supplemental briefing (limited to 3 pages) addressing Defendant's request to dismiss
15 Plaintiff's class claims and citing any additional legal authority for such request. By no later than
16 3/20/26, Plaintiff must file and serve any supplemental opposition briefing (limited to 4 pages)
17 addressing the same topic above and responding to Defendants' briefing. By no later than 4/3/26,
18 Defendants must file any file and serve any supplemental reply briefing (limited to 1 page)."
19 (Order 2/18/26 at pp.19:24-20:5.)

20 The court may refuse to consider a late-filed paper. (Cal. Rules of Court, Rule
21 3.1300(d).) Accordingly, the Court – in its discretion – will not consider the untimely
22 supplemental reply.¹

23
24
25 ¹ If instead the Court were to overrule Plaintiff's timeliness objection, consideration of
Defendant's Untimely supplemental reply would not change the outcome of the Court's ruling in
this order.

1 The CBA Does Not Permit Class Action Arbitration

2 In *Kinecta Alternative Financial Solutions, Inc. v. Superior Court* (2012) 205
3 Cal.App.4th 506 disapproved of on other grounds in *Sandquist v. Lebo Automotive, Inc.* (2016) 1
4 Cal.5th 233, the Court of Appeal granted an employer’s writ petition and required arbitration of
5 plaintiff’s claims on an individual basis only. The *Kinecta* court determined that the arbitration
6 agreement did not authorize class arbitration and explained that a “party may not be compelled to
7 submit to class arbitration unless the arbitration contract provides a basis for concluding that the
8 party agreed to do so.” (*Id.* at p.510.) Here, the arbitration provision in the CBA is silent as to
9 class and representative actions and thus does not provide any basis for concluding that the
10 parties agreed to arbitrate class claims. Pursuant to *Kinecta*, there cannot be class wide
11 arbitration of Plaintiff’s claims.
12

13 The CBA Implicitly Includes A Class Action Waiver

14 A provision in an employment agreement that requires arbitration and prohibits class or
15 collective actions is enforceable under the Federal Arbitration Act (“FAA”) and does not run
16 afoul of the National Labor Relations Act. (See *Epic Systems Corp. v. Lewis* (2018) 584 U.S.
17 497.) Moreover, the FAA preempts California’s doctrines of public policy and unconscionability
18 to the extent they prohibit class action waivers of an employee’s un-waivable rights. (*Iskanian v.*
19 *CLS Transportation Los Angeles, LLC* (2014) 59 Cal.4th 348, 359-360 abrogated on other
20 grounds by *Viking River Cruises, Inc. v. Moriana* (2022) 596 U.S. 639.) Accordingly, under the
21 FAA, class action waivers are valid and enforceable. Because the FAA governs the Arbitration
22 Provision in the CBA, a class action waiver within the Arbitration Provision of the CBA can be
23 enforced.

24 In relevant part, the Arbitration Provision in the CBA provides:
25

1 **8.16 GRIEVANCE AND ARBITRATION OF CLAIMS FLSA, CALIFORNIA**
2 **LABOR CODE, AND APPLICABLE CALIFORNIA WAGE ORDERS:**

3 Claims and
4 claims for associated penalties arising under the federal Fair Labor Standards Act, the
5 California Labor Code, and Applicable Wage Order(s) including Wage Order 1, 2, 4, and
6 16 will be resolved through the procedures set forth in the Wage and Related Claims
7 Dispute Resolution System described in this section. *Such claims may not be brought in a*
8 *court of law* or before any administrative agency such as the California Labor
9 Commissioner.

10 (Douglas Decl. ¶ 6, Exh. B [italics added].) This language makes clear at the Arbitration
11 Provision clearly prohibits employees from asserting any wage and hour claim in a court of law.
12 Nothing in the Arbitration Provision suggests that class claims are exempt from this prohibition
13 against asserting wage and hour claims in a court of law. To the contrary, this prohibition
14 against bringing wage and hour claims covered by the Arbitration Provision of the CBA in a
15 court combined with the fact that the Arbitration Provision in the CBA does not permit class
16 arbitration necessarily means that the class claims must be dismissed as there is no valid forum
17 for these class claims to be heard. Thus, the Arbitration Provision in the CBA implicitly includes
18 a class action waiver.

19 Moreover, such a dismissal of class claims is consistent with California case law where
20 an arbitration agreement did not permit class arbitration but also did not contain an express
21 waiver of class claims.

22 For example, in *Kinecta*, the plaintiff credit union employee brought a putative wage and
23 hour class action against her former employer. The employee arbitration agreement in that case
24 covered “ ‘any claim, dispute, and/or controversy that either [the employee] may have against the
25 Credit Union (or its owners, directors, officers, managers, employees, agents, and parties
 affiliated with its employee benefit and health plans) or the Credit Union may have against [the
 employee], arising from, related to, or having any relationship or connection whatsoever with
 [the employee’s] seeking employment with, employment by, or other association with the Credit
 Union....’ ” (*Kinecta, supra*, 205 Cal.App.4th at p.511, Fn. 1.) The trial court ordered the parties
 to class arbitration. (*Id.* at p.509.) The Court of Appeal reversed finding that the arbitration

1 agreement did not authorize class arbitration and explained that a “party may not be compelled to
2 submit to class arbitration unless the arbitration contract provides a basis for concluding that the
3 party agreed to do so.” (*Id.* at p.510.) Despite the absence of an express class waiver, the Court
4 of Appeal remanded the matter stating that the “order denying [the employer]’s motion to dismiss
5 class claims without prejudice must be reversed.” (*Id.* at p.519.)

6 Likewise, *Cortez v. Doty Bros. Equipment Co.* (2017) 15 Cal.App.5th 1 – which involved
7 an employer’s petition to compel arbitration under a collective bargaining agreement as in the
8 instant case -- reached a similar outcome. The plaintiff appealed the trial court’s order
9 compelling arbitration of his individual claims and order dismissing his putative class claims.
10 (*Cortez, supra*, 15 Cal.App.5th at p.7.) The Court of Appeal found that the CBA did not
11 contemplate class wide arbitration. The Court of Appeal granted the petition for writ of mandate
12 in part, directing the trial court to vacate its order compelling arbitration of all of the employee’s
13 individual claims and to enter a new order compelling arbitration of only the claims arising out
14 of wage order disputes — pursuant to the parties’ agreement to arbitrate only claims arising
15 under wage orders — and to deny arbitration of statutory claims, which did not fall within the
16 scope of the arbitration provision of the CBA. The Court of Appeal for held that “ in all other
17 respects [which would include the employee’s appeal of the dismissal of class claims], the
18 petition is denied.” (*Cortez, supra*, 15 Cal.App.5th at p.18.)

19 Although there is scant explanation of the reasons why the Court of Appeal ordered
20 reversal of the trial court’s order denying the employer’s motion to dismiss class claims in
21 *Kinecta* or why the Court of Appeal upheld the dismissal of class claims in *Cortez*, it does appear
22 that dismissal of class claims – where the arbitration agreement disallows litigation of wage and
23 hour claims in court and does not contemplate class wide arbitration – is the appropriate course.
24 This outcome is best understood in reference to Plaintiff’s standing and adequacy as a class
25 representative after his individual claims have been compelled to arbitration.

1 Regardless of the outcome, after Plaintiff arbitrates his individual claims, he will no
2 longer have standing to assert the alleged wage and hour claims as those claims will all have
3 been resolved. As the California Supreme Court has noted, “[i]n a class action, the
4 “representative plaintiff still possesses only a single claim for relief—the plaintiff’s own.”
5 [Citation.]” (*Kim v. Reins International California, Inc.* (2020) 9 Cal.5th 73, 86.) Here, if
6 Plaintiff loses at arbitration, it will become clear that Plaintiff does not have a viable claim and
7 cannot satisfy the typicality or adequacy requirements for class certification. If Plaintiff prevails
8 at arbitration, the arbitration award will fully compensate Plaintiff for the wage and hour
9 violations he suffered, and Plaintiff will no longer have the continuing interest necessary to make
10 him an adequate and suitable class representative. (*Kim, supra*, 9 Cal.5th at p.86-87 [“If a
11 representative plaintiff voluntarily settles her claim, she no longer has an interest in the class
12 action and may lose the ability to represent the class.”].) Therefore, Plaintiff will not have the
13 necessary standing to bring a claim for those violations on behalf of the class. (See e.g., *In re*
14 *Tobacco II Cases* (2009) 46 Cal.4th 298, 319 [“Generally standing in a class action is assessed
15 solely with respect to class representatives, not unnamed members of the class.”].) Thus, having
16 granted Defendant’s motion to compel Plaintiff’s individual claims to arbitration, the Court
17 hereby dismisses Plaintiff’s class claims without prejudice for lack of standing.

18 Accordingly, Defendant’s request to dismiss the class claims is granted.
19

20 **CONCLUSION AND ORDER**

21 Based on the foregoing, Defendant Stone Blue, Inc.’s motion to compel arbitration is
22 **GRANTED** as to all of Plaintiff’s individual claims, including the individual component of
23 Plaintiff’s PAGA claim, and **DENIED** as to Plaintiff Luis Montiel’s class claims and the non-
24 individual component of Plaintiff’s PAGA claim.

25 Defendant’s request to dismiss Plaintiff’s class claims without prejudice is **GRANTED**.

1 Pursuant to Code of Civil Procedure section 1281.4, the action is **STAYED** in its entirety
2 for all purposes pending arbitration of Plaintiff's individual claims.

3 The parties are ordered to file a joint status report by no later than **July 20, 2026**
4 regarding the progress of arbitration including the name of the arbitrator, the status of timely
5 payment of arbitration fees, and the stay. The Court hereby sets a **Non-Appearance Case**
6 **Review July 27, 2026, at 8:30 a.m., Department 9.**

7 Defendant is ordered to download this signed order and file proof of service of the instant
8 order on all other parties within 5 days.

9
10 DATED: April 21, 2026



A handwritten signature in cursive script, reading "Elaine Lu", is written over a horizontal line.

Elaine Lu / Judge
Judge of the Superior Court