
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 8:23-cv-00734-FWS-ADS

Date: June 13, 2025

Title: Jasibel Canchola *et al.* v. Allstate Insurance Company

Present: **HONORABLE FRED W. SLAUGHTER, UNITED STATES DISTRICT JUDGE**

Rolls Royce Paschal
Deputy Clerk

N/A
Court Reporter

Attorneys Present for Plaintiffs:

Attorneys Present for Defendant:

Not Present

Not Present

**PROCEEDINGS: (IN CHAMBERS) ORDER REGARDING NOTICE AND
DISTRIBUTION PLAN AND CLASS NOTICE [172]**

In this class action, Plaintiff Jasibel Canchola, Plaintiff Carlos Ochoa, Plaintiff Richard Curtis, and Plaintiff Robert Souza (collectively, “Plaintiffs”) allege claims against Defendant Allstate Insurance Company (“Defendant”) for violation of California Labor Code § 2802. (*See generally* Dkt. 41 (“First Amended Complaint” or “FAC”) ¶¶ 104-07.) Before the court are Plaintiffs’ (1) Notice and Distribution Plan and (2) Proposed Class Notice (“Class Notice”). (Dkt. 172 (together, “Notice and Plan”).) Defendant opposes the Notice and Plan. (Dkt. 180 (“Opposition”).) Plaintiffs filed a response to the Opposition. (Dkt. 189 (“Reply”).) In the Reply, the parties reached an agreement regarding the Notice and Distribution Plan, (Reply at 5), with an agreed-upon modification, (Dkt. 196) (together, the “Agreed Notice and Distribution Plan”). However, the parties still have disputes regarding Class Notice. The court finds these matters appropriate for resolution without oral argument. *See* Fed. R. Civ. P. 78(b) (“By rule or order, the court may provide for submitting and determining motions on briefs, without oral hearings.”); C.D. Cal. L.R. 7-15 (authorizing courts to “dispense with oral argument on any motion except where an oral hearing is required by statute”). Based on the state of the record, as applied to the applicable law, the court **APPROVES** the Agreed Notice and Distribution Plan, and as to Class Notice, the court **OVERRULES** some of Defendant’s objections and **SUSTAINS** others.

I. Background

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In summary, Defendant sells insurance in California, relying on an integrated distribution system of insurance agents (the “Agents”). (FAC ¶ 2.) Defendant classified the Agents as independent contractors under California law and required the Agents to bear the expenses from selling Defendant’s insurance and servicing its customers. (*Id.* ¶ 3.) In their relationship with Defendant, the Agents do not own or operate a business independent of Defendant’s distribution network. (*Id.* ¶ 6.) The Agents also pay the agency expenses despite Defendant owning and retaining all control over the agency. (*Id.*) Plaintiffs seek reimbursement for the business expenses they incurred under California Labor Code § 2802. (*Id.* ¶ 19.)

Plaintiffs filed a Motion for Class Certification. (Dkts. 53-2, 95.) Defendant opposed class certification. (Dkt. 67.) Subsequently, the court granted class certification to “[a]ll individuals who signed an Allstate R3001, R3001A, R3001S, or R3001C Exclusive Agency Agreement and who worked as an Allstate exclusive agent in the State of California during the class period.” (Dkt. 159 (“Class Certification Order”) at 28.) The court ordered the parties to promptly meet and confer regarding the submission of a joint stipulated class notice and distribution plan, and file either a stipulated class notice and distribution plan or a notice that no stipulation can be agreed to within twenty-one (21) days of the date the Class Certification Order was issued. (*Id.*) If the parties could not agree to a class notice or distribution plan, the court further ordered that Plaintiffs file a proposed class notice and distribution plan within twenty-eight (28) days of the Class Certification Order, Defendant files any objections within fourteen (14) days of Plaintiffs’ filing, and Plaintiffs file any reply within seven (7) days of Defendant’s filing. (*Id.*) Because the parties were not able to agree to a class notice or distribution plan, Plaintiffs filed the Notice and Plan. (Notice and Plan.)

II. Legal Standard

“Where a class is certified under Rule 23(b)(3), the notice must meet the requirements of Rule 23(c)(2)(B) and both the content of the notice and the form of the notice must be adequate and approved by the Court.” *Alfred v. Pepperidge Farm, Inc.*, 2017 WL 5665019, at *1 (C.D. Cal. July 13, 2017) (citation modified). “A class notice must include all ‘information that a reasonable person would consider to be material in making an informed, intelligent decision of whether to opt-out or remain a member of the class.’” *Hubbard v. RCM Techs. (USA), Inc.*, 2020 WL 6149694, at *2 (N.D. Cal. Oct. 20, 2020) (quoting *Tierno v. Rite Aid Corp.*, 2007 WL

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4166028, at *1 (N.D. Cal. Nov. 19, 2007)). “For any class certified under Rule 23(b)(3)—or upon ordering notice under Rule 23(e)(1) to a class proposed to be certified for purposes of settlement under Rule 23(b)(3)—the court must direct to class members the best notice that is practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort. The notice may be by one or more of the following: United States mail, electronic means, or other appropriate means. The notice must clearly and concisely state in plain, easily understood language:

- (i) the nature of the action;
- (ii) the definition of the class certified;
- (iii) the class claims, issues, or defenses;
- (iv) that a class member may enter an appearance through an attorney if the member so desires;
- (v) that the court will exclude from the class any member who requests exclusion;
- (vi) the time and manner for requesting exclusion; and
- (vii) the binding effect of a class judgment on members under Rule 23(c)(3).”

Fed. R. Civ. P. 23(c)(2)(B).

III. Discussion

Defendant raises four objections to the Class Notice: (1) that the opening description is incomplete and misleading, (2) that the description of claims and defenses is incomplete, (3) that the case’s effects on class members require further clarity, and (4) that additional information regarding the preservation of documents and potential discovery is necessary. (Opp. at 5-14.) The court addresses Defendant’s arguments in turn.

A. First Objection

Defendant argues that the Class Notice’s opening description is incomplete and misleading. (Opp. at 5-6.) Defendant proposes language revisions to improve the description’s

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accuracy. (*Id.*) Plaintiffs respond that Defendant’s proposed revisions diminish its role in the lawsuit and add unnecessary clauses. (Reply at 5-7.) The court agrees with Plaintiffs. The court finds that Defendant’s revisions do not add clarity to the Class Notice because Defendant changes the description from active voice to passive voice and adds information that is unnecessary for the Class Notice. *See* Fed. R. Civ. P. 23(c)(2)(B)(i). Accordingly, the court **OVERRULES** Defendant’s First Objection and **APPROVES** Plaintiff’s revisions to the Class Notice, (*see* Dkt. 189-2), as it pertains to the First Objection.

B. Second Objection

Defendant argues that the Class Notice’s description of the claims and defenses are incomplete. (Opp. at 6-9.) Defendant proposes language revisions regarding the nature of the claims and defenses and adds language regarding the tax implications of this lawsuit. (*Id.*) Plaintiffs respond that Defendant’s proposed revisions create confusion and drive opt outs. (Reply at 7-11.)

The court finds that language regarding the tax implications of this lawsuit is appropriate in the Class Notice. Although the focus of this case is whether Defendant misclassified its Agents as independent contractors, “the issue of class members’ potential tax consequences is clearly one that a reasonable person would consider material in deciding whether to opt out of the class.” *Aguayo v. U.S. Bank*, 2015 WL 13345609, at *2 (S.D. Cal. Aug. 6, 2015). However, the court **REJECTS** Defendant’s other revisions as it pertains to the Second Objection because the court finds they do not add clarity to the Class Notice. *See* Fed. R. Civ. P. 23(c)(2)(B)(iii). Accordingly, the court **APPROVES** Plaintiff’s revised version of the Class Notice as it pertains to the Second Objection, (*see* Dkt. 189-1), but **MODIFIES** the Class Notice as follows:

The Court appointed four former Allstate exclusive agents as Class Representatives: Jasibel Canchola, Carlos Ochoa, Richard Curtis, and Robert Souza. They will represent the interests of everyone in the Class. If this lawsuit is successful, there may be tax implications based on the Court’s findings. You may wish to consult a tax professional regarding any potential tax implications of this lawsuit.

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See Hubbard, 2020 WL 6149694, at *3 (granting modification to class notice to include language concerning the tax implications if the lawsuit is successful).

C. Third Objection

Defendant proposes further language revisions to provide clarity on the implications of this case. (Opp. at 10.) Plaintiffs oppose Defendant’s revisions for the reasons discussed above. (Reply at 11.) Based on the parties’ requests, the court **MODIFIES** the following paragraphs to improve the Class Notice’s clarity and accuracy. *See* Fed. R. Civ. P. 23(c)(2)(B)(vii).

If you stay in the Class, you will be legally bound by all orders and judgments of the Court, and you won’t be able to sue, or continue to sue, Allstate Insurance Company—as part of any other lawsuit—for violations of Cal. Labor Code 2802 based on the alleged misclassification that occurred between March 22, 2020, and March 28, 2025. If you stay in the Class and the Plaintiffs prevail in this lawsuit, you may be entitled to a share in the recovery. **To stay in the Class, you do not have to do anything now.** If you do not request exclusion, you may, if you desire, enter an appearance in this lawsuit through an attorney.

2. Ask to be Excluded

If you do not want to be part of the Class for any reason, you can exclude yourself. If you exclude yourself, you will not be bound by any legal findings on classification, judgment, or settlement and cannot get any money or benefits from this lawsuit if any are awarded. You will, however, keep any rights to sue Allstate individually for these claims, now or in the future, and will not be bound by any orders or judgments of the Court in this matter.

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You must mail your Exclusion Request postmarked by [Month 00], 2025, to: Canchola, et al. v. Allstate Insurance Company, c/o [contact]. You may also submit an Exclusion Request form at the website, [case website], or by email to [designated email address] by [date], 2025.

D. Fourth Objection

Defendant argues that additional information is necessary under the heading “Preservation of Information” to instruct class members to preserve necessary documents and that they may be required to participate in discovery and/or trial. (Opp. at 11-14.) Defendant proposes additional language regarding the preservation of documents and potential discovery of class members. (*See id.* at 14.) Plaintiffs respond that Defendant’s arguments are meritless, discovery of absent class members is not warranted, and Defendant’s revisions are misleading. (Reply at 11-15.)

The court finds that Defendant’s additional information regarding the preservation of documents fails to add clarity to the Class Notice because it provides unnecessary details for purposes of the Class Notice and uses overly broad language. *See* Fed. R. Civ. P. 23(c)(2)(B). In addition, the court finds that Defendant’s additional information regarding the potential discovery of class members is unnecessary and would likely discourage participation in this lawsuit. *See Victorino v. FCA US LLC*, 2020 WL 5064295, at *5 (S.D. Cal. Aug. 27, 2020) (“Courts bar the inclusion of language in a class notice that class members may be asked to respond to discovery requests as unnecessary as it likely discourages them from remaining in the class and are unlikely to arise.”); *In re Wal-Mart Stores, Inc. Wage & Hour Litig.*, 2008 WL 1990806, at *6 (N.D. Cal. May 5, 2008) (“Given the rarity of seeking discovery from class members, inclusion of language warning that they may be asked to respond to discovery requests is unnecessary, inappropriate, and likely to discourage them from remaining a part of the class.” (citation modified)); *Krzesniak v. Cendant Corp.*, 2007 WL 4468678, at *3 (N.D. Cal. Dec. 17, 2007) (“It is not necessary to inform potential class members of future discovery obligations. . . . While limited discovery may be necessary in this case, the Court does not wish to dissuade potential class members by informing them of discovery obligations that may, in fact, not arise.”). Therefore, the court **OVERRULES** Defendant’s Fourth Objection.

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IV. Disposition

For the reasons stated above, some of Defendant’s objections to the Class Notice are **SUSTAINED** and some are **OVERRULED**. The court **APPROVES** Plaintiffs’ revisions to the Class Notice as it pertains to Defendant’s First Objection and Second Objection. In addition, the court **MODIFIES** the Class Notice as it pertains to Defendant’s Second Objection and Third Objection. However, the court **OVERRULES** Defendant’s First Objection and Fourth Objection. The court **APPROVES** the Agreed Notice and Distribution Plan. The court **ORDERS** Plaintiffs to amend the Class Notice consistent with this Order and to effectuate the Agreed Notice and Distribution Plan.