

United States District Court
Northern District of California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

JANE ROE,
Plaintiff,
v.
FRITO-LAY, INC.,
Defendant.

Case No. 14-cv-00751-HSG

**ORDER GRANTING PRELIMINARY
APPROVAL OF CLASS SETTLEMENT**

Re: Dkt. No. 100

Pending before the Court is Plaintiff Jane Roe’s unopposed motion for preliminary approval of class action settlement. Dkt. No. 100 (“Mot.”). After careful consideration of the settlement agreement and the parties’ arguments, the Court GRANTS Plaintiff’s motion for preliminary approval.

I. BACKGROUND

A. Litigation History

On December 20, 2013, Plaintiff filed a class action complaint against Defendant Frito-Lay, Inc. and Does 1-10 in Alameda Superior Court. Dkt. No. 1-2. Plaintiff’s initial complaint alleged that Defendant failed to provide notice to prospective and existing employees prior to taking adverse employment actions based on information disclosed in a consumer report. *Id.* Plaintiff asserted violations of the Fair Credit Reporting Act, 15 U.S.C. §§ 1681b(b)(3)(A) (“FCRA”), and California Labor Code § 432.7(a). *Id.* On February 19, 2014, Defendant removed the action to this Court. Dkt. No. 1. Plaintiff filed a first amended complaint on September 3, 2014, asserting a single claim for violation of the FCRA. Dkt. No. 27.

The parties participated in an initial mediation session with Mark Rudy, Esq., on November 20, 2014. Dkt. No. 31. The parties were unable to reach an agreement, but they

1 continued to engage Mr. Rudy's services in pursuit of settlement. *Id.*; Dkt. No. 35. On March 3,
2 2015, the parties informed the Court that they had reached a settlement. Dkt. No. 35. After
3 further lengthy negotiations and several deadline extensions, the parties filed their initial motion
4 for preliminary approval on October 14, 2015. Dkt. No. 53. However, at the November 19, 2015,
5 hearing on the initial motion for preliminary approval, it became apparent that the parties were not
6 in agreement as to the terms of the settlement. Following the hearing, the parties reengaged Mr.
7 Rudy to assist with further settlement negotiations. Dkt. No. 58. In light of the continuing
8 dispute, the Court entered a case schedule on January 5, 2016. Dkt. No. 66. On May 5, 2016,
9 Plaintiff filed a motion to certify a class. Dkt. No. 92.

10 On May 11, 2016, the parties again notified the Court that they had reached a settlement.
11 Dkt. No. 93. After an additional case management conference, the parties filed the pending
12 motion for preliminary approval of class action settlement on June 23, 2016. Dkt. No. 100.

13 **B. Overview of the Proposed Agreement**

14 The parties' Stipulation and Settlement of Class Action Claims ("Settlement Agreement")
15 contains the following key provisions:

16 Payment Terms. In full settlement of the claim asserted in this lawsuit, Defendant agrees
17 to pay a gross settlement sum ("GSS") of \$950,000. This amount includes payment to individuals
18 who do not opt out of the Settlement Agreement ("Settlement Class Members") for release of their
19 claims, any award of attorneys' fees and costs, an incentive award to the named Plaintiff, and all
20 costs of administration, including settlement administration fees.

21 Allocation Method. After attorneys' fees, costs, the named Plaintiff's incentive award, and
22 reasonable settlement administration costs are subtracted, the remainder of the GSS ("Payout
23 Fund") will be distributed to the Settlement Class Members equally on a pro-rata basis. All
24 checks that remain uncashed after sixty (60) days will revert to the Payout Fund, and Settlement
25 Class Members who timely cash their initial checks will receive a pro-rata share of the remaining
26 Payout Fund, so long as the pro-rata share meets or exceeds \$5.00.

27 Unclaimed Settlement Funds. If after the first distribution, the Payout Fund will not result
28 in a second pro-rata payment that meets or exceeds \$5.00, the remaining funds will be distributed

1 cy pres to the National Consumer Law Center (“NCLC”). None of the GSS will revert to
2 Defendant.

3 Attorneys’ Fees and Costs. The Settlement Agreement authorizes class counsel to apply to
4 the Court for an attorneys’ fees award of up to thirty-three and one-third percent (33 1/3%) of the
5 GSS. Class counsel may also apply to the Court for an award of reasonable costs.

6 Incentive Payment. The Settlement Agreement provides that class counsel will petition the
7 Court for approval of an incentive payment of no more than \$10,000 to the named Plaintiff.

8 Releases. Settlement Class Members will release all claims “asserted or that might have
9 been asserted . . . arising out of, relating to, or in connection with all causes of action pleaded or
10 that could have been pleaded based upon the facts asserted in the Action.” Settlement Agreement
11 at 10-11. The named Plaintiff will release Defendant from all claims in existence prior to the final
12 approval of the Settlement Agreement. *Id.* at 12-13.

13 Procedure for Claims and Settlement. Class members must object to, or opt out of, the
14 settlement within forty-five (45) days of the initial mailing of the notice packet.

15 Objections. Any Settlement Class Members may file an objection to the Settlement
16 Agreement. Settlement Class Members must give written notice of their intention to appear at the
17 Court’s settlement hearing.

18 **II. CONDITIONAL CLASS CERTIFICATION**

19 Class certification under Rule 23 is a two-step process. First, Plaintiff must demonstrate
20 that Rule 23(a)’s four requirements are met: numerosity, commonality, typicality, and adequacy.
21 Class certification “is proper only if the trial court is satisfied, after a rigorous analysis, that the
22 prerequisites of Rule 23(a) have been satisfied.” *Wal-Mart Stores, Inc. v. Dukes*, 131 S.Ct. 2541,
23 2551 (2011) (internal quotation marks omitted). Second, Plaintiff must satisfy one of the bases for
24 certification in Rule 23(b). Here, by invoking Rule 23(b)(3), Plaintiff must establish that
25 “questions of law or fact common to class members predominate over any questions affecting only
26 individual members, and . . . [that] a class action is superior to other available methods for fairly
27 and efficiently adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3). The party seeking class
28 certification bears the burden of demonstrating by a preponderance of the evidence that all four

1 Rule 23(a) requirements and at least one of the three requirements under Rule 23(b) are met. *See*
2 *Wal-Mart*, 131 S.Ct. at 2551.

3 **A. Rule 23(a)(1) — Numerosity**

4 Rule 23(a)(1) requires that the class be “so numerous that joinder of all members is
5 impracticable.” The settlement class is comprised of 2,928 members. The Court finds that
6 numerosity is satisfied here because joinder of all the class members would be impracticable.

7 **B. Rule 23(a)(2) — Commonality**

8 A Rule 23 class is certifiable only if “there are questions of law or fact common to the
9 class.” Fed. R. Civ. P. 23(a)(2). Under Rule 23(a)(2), even a single common question is
10 sufficient. *Wal-Mart*, 131 S.Ct. at 2556. The question, however, “must be of such a nature that it
11 is capable of classwide resolution — which means that determination of its truth or falsity will
12 resolve an issue that is central to the validity of each one of the claims in one stroke.” *Id.* at 2551.
13 “What matters to class certification . . . is not the raising of common ‘questions’ — even in droves
14 — but rather the capacity of a classwide proceeding to generate common *answers* apt to drive the
15 resolution of the litigation.” *Id.* (emphasis in original) (citation omitted).

16 The Court finds that the proposed class satisfies the commonality requirement because, at a
17 minimum, Defendant’s alleged policies and practices concerning provision of a pre-adverse action
18 notice as required by the FCRA implicate the class members’ claims as a whole.

19 **C. Rule 23(a)(3) — Typicality**

20 In certifying a class, a court must find that “the claims or defenses of the representative
21 parties are typical of the claims or defenses of the class.” Fed R. Civ. P. 23(a)(3). “The purpose
22 of the typicality requirement is to assure that the interest of the named representative aligns with
23 the interests of the class.” *Hanon v. Dataproducts Corp.*, 976 F.2d 497, 508 (9th Cir. 1992). “The
24 test of typicality is whether other members have the same or similar injury, whether the action is
25 based on conduct which is not unique to the named plaintiffs, and whether other class members
26 have been injured by the same course of conduct.” *Id.* (internal quotation marks omitted).

27 The Court finds that Plaintiff is typical of the class she seeks to represent. Like the
28 members of the proposed settlement class, Plaintiff alleges that Defendant took adverse action

1 against her based at least in part on a consumer report without providing Plaintiff a pre-adverse
2 action notice.

3 **D. Rule 23(a)(4) — Adequacy of Representation**

4 “The adequacy of representation requirement . . . requires that two questions be addressed:
5 (a) do the named plaintiffs and their counsel have any conflicts of interest with other class
6 members and (b) will the named plaintiffs and their counsel prosecute the action vigorously on
7 behalf of the class?” *In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d 454, 462 (9th Cir. 2000). The
8 requirement “‘tend[s] to merge’ with the commonality and typicality criteria of Rule 23(a).”
9 *Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 626 n.20 (1997) (quoting *Gen. Tel. Co. of Sw. v.*
10 *Falcon*, 457 U.S. 147, 158 n.13 (1982)). Among other purposes, these requirements determine
11 whether “the named plaintiff’s claim and the class claims are so interrelated that the interests of
12 the class members will be fairly and adequately protected in their absence.” *Falcon*, 457 U.S. at
13 158 n.13.

14 No evidence in the record suggests that Plaintiff or proposed class counsel have a conflict
15 of interest with other class members. Proposed class counsel have substantial experience
16 prosecuting FCRA and other consumer class actions. Dkt. No. 100-1 ¶¶ 3-13; Dkt. No. 100-8
17 ¶¶ 4-8; Dkt. No. 101 ¶¶ 5-7. The Court finds that proposed class counsel and Plaintiff have
18 prosecuted this action vigorously on behalf of the class, and will continue to do so. The adequacy
19 requirement is therefore satisfied.

20 **E. Rule 23(b)(3) — Predominance and Superiority**

21 To certify a Rule 23 damages class, the Court must find that “questions of law or fact
22 common to class members predominate over any questions affecting only individual members,
23 and . . . [that] a class action is superior to other available methods for fairly and efficiently
24 adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3). The predominance inquiry “tests whether
25 proposed classes are sufficiently cohesive to warrant adjudication by representation.” *Amchem*,
26 521 U.S. at 623. “When common questions present a significant aspect of the case and they can be
27 resolved for all members of the class in a single adjudication, there is clear justification for
28 handling the dispute on a representative rather than on an individual basis.” *Hanlon*, 150 F.3d at

1 1022 (citation omitted).

2 Here, the Court finds that — for purposes of settlement — the common questions raised by
3 Plaintiff’s claim predominate over questions affecting only individual members of the proposed
4 class. In particular, Plaintiff alleges that Defendant took adverse action against employees and
5 potential employees based at least in part on a consumer report without providing pre-adverse
6 action notice. Whether these allegations have a basis in fact is a common question that would
7 largely resolve the claims of all class members. While the FCRA provides for the recovery of
8 actual damages, those class members who have potentially experienced actual damages are
9 sufficiently protected by the opt-out process. *See Harper v. Law Office of Harris & Zide LLP*, No.
10 15-CV-01114-HSG, 2016 WL 2344194, at *5 (N.D. Cal. May 4, 2016); *Gragg v. Orange Cab*
11 *Co.*, No. C12-0576RSL, 2014 WL 794266, at *3 (W.D. Wash. Feb. 27, 2014). Because
12 Defendant’s alleged failure to provide pre-adverse action notice is common to all class members,
13 the predominance requirement is satisfied.

14 Next, “[t]he superiority inquiry under Rule 23(b)(3) requires the Court to determine
15 whether the objectives of the particular class action procedure will be achieved in the particular
16 case.” *Hanlon*, 150 F.3d at 1023. “This determination necessarily involves a comparative
17 evaluation of alternative mechanisms of dispute resolution.” *Id.* As in *Hanlon*, the alternative
18 method here would require individual resolution of each class member’s claims. But given the
19 small value of each claim, it would be “uneconomic” for members to bring individual lawsuits.
20 Taking into account the size of the proposed class and the low incentive to file individual lawsuits,
21 the Court finds that the judicial economy achieved through common adjudication makes a class
22 action a superior method for adjudicating the class’s claims.

23 Finally, while not enumerated in Rule 23, “courts have recognized that in order to maintain
24 a class action, the class sought to be represented must be adequately defined and clearly
25 ascertainable.” *Vietnam Veterans of Am. v. C.I.A.*, 288 F.R.D. 192, 211 (N.D. Cal. 2012) (internal
26 quotation marks omitted); *see also Berger v. Home Depot USA, Inc.*, 741 F.3d 1061, 1071, n.4
27 (9th Cir. 2014) (referring, in dicta, to the “threshold ascertainability test”). “[A] class definition is
28 sufficient if the description of the class is definite enough so that it is administratively feasible for

1 the court to ascertain whether an individual is a member.” *Vietnam Veterans*, 288 F.R.D. at 211
 2 (internal quotation marks omitted).

3 Courts have considered at least three types of “ascertainability” concerns when
 4 determining whether class certification is appropriate: (1) whether the class can be ascertained by
 5 reference to objective criteria; (2) whether the class includes members who are not entitled to
 6 recovery; and (3) whether the putative named plaintiff can show that he will be able to locate
 7 absent class members once a class is certified. *See Lilly v. Jamba Juice Co.*, 2014 WL 4652283, at
 8 *3-4 (N.D. Cal. Sept. 18, 2014). The proposed class in this case does not present any of these
 9 concerns. The putative class is limited to individuals residing in the United States for whom
 10 Defendant requested a consumer report between December 20, 2011, and February 28, 2014, and
 11 (1) whose file in Defendant’s applicant tracking system contains a disposition of “Background
 12 Check Review — Fail” or “Criminal Background Fail”; and/or (2) whose consumer report was
 13 updated following a dispute with Defendant’s background check vendor; and/or (3) whose
 14 applicant file includes at least one letter informing him that he would not receive employment due
 15 to a pre-employment background check failure. Settlement Agreement ¶ II(H). Moreover,
 16 Defendant will provide the claims administrator with the name, most current mailing address,
 17 telephone number, email address (if available), and social security number for each of the 2,928
 18 class members. *Id.* ¶ 8. This information will allow the claims administrator to identify and locate
 19 class members with sufficient confidence to satisfy the ascertainability requirement.

20 **F. Appointment of Class Representatives and Class Counsel**

21 Because the Court finds that Plaintiff meets the commonality, typicality, and adequacy
 22 requirements of Rule 23(a), the Court appoints her as class representative. When a court certifies
 23 a class, the court must appoint class counsel and must consider:

- 24 (i) the work counsel has done in identifying or investigating potential
- 25 (ii) counsel’s experience in handling class actions, other complex
- 26 (iii) counsel’s knowledge of the applicable law; and
- 27 (iv) the resources that counsel will commit to representing the class.
- 28

1 Fed. R. Civ. P. 23(g)(1)(A). Additionally, a court “may consider any other matter pertinent to
 2 counsel’s ability to fairly and adequately represent the interests of the class.” Fed. R. Civ. P.
 3 23(g)(1)(B).

4 Plaintiff’s counsel has prosecuted this action by: (1) investigating class members’
 5 potential claims; (2) propounding and reviewing discovery, including hundreds of thousands of
 6 lines of data; (3) conducting depositions; (4) filing two motions for preliminary approval of
 7 settlement; (5) retaining an expert database analyst in order to analyze Defendant’s databases; and
 8 (6) participating in prolonged mediation discussions with Mr. Rudy. Plaintiff’s counsel has
 9 substantial prior experience prosecuting FCRA and other consumer class actions. Dkt. No. 100-1
 10 ¶¶ 3-13; Dkt. No. 100-8; Dkt. No. 101 ¶¶ 5-7. For these reasons, the Court will appoint Devin H.
 11 Fok of the Law Office of Devin H. Fok, Joshua E. Kim of A New Way of Life Reentry Project,
 12 and John A. Girardi of Girardi Keese as class counsel pursuant to Federal Rule of Civil Procedure
 13 23(g).

14 **III. PRELIMINARY APPROVAL**

15 Under Federal Rule of Civil Procedure 23(e), “[t]he claims, issues, or defenses of a
 16 certified class may be settled, voluntarily dismissed, or compromised only with the court’s
 17 approval.” The Ninth Circuit has a “strong judicial policy” that favors the settlement of class
 18 actions. *Class Plaintiffs v. City of Seattle*, 955 F.2d 1268, 1276 (9th Cir. 1992). “The purpose of
 19 Rule 23(e) is to protect the unnamed members of the class from unjust or unfair settlements
 20 affecting their rights.” *In re Syncor ERISA Litig.*, 516 F.3d 1095, 1100 (9th Cir. 2008). Thus,
 21 before a court approves a settlement it must conclude that the settlement is “fundamentally fair,
 22 adequate and reasonable.” *In re Heritage Bond Litig.*, 546 F.3d 667, 674-75 (9th Cir. 2008).

23 In general, the district court’s review of a class action settlement is “extremely limited.”
 24 *Hanlon*, 150 F.3d at 1026. But, where parties reach a settlement before class certification, courts
 25 apply “a higher standard of fairness and a more probing inquiry than may normally be required
 26 under Rule 23(e).” *Dennis v. Kellogg Co.*, 697 F.3d 858, 864 (9th Cir. 2012) (citation and internal
 27 quotations omitted). Courts “must be particularly vigilant not only for explicit collusion, but also
 28 for more subtle signs that class counsel have allowed pursuit of their own self-interests and that of

1 certain class members to infect the negotiations.” *In re Bluetooth Headset Prods. Liab. Litig.*, 654
2 F.3d 935, 947 (9th Cir. 2011).

3 The Court may preliminarily approve a settlement and direct notice to the class if the
4 settlement: (1) appears to be the product of serious, informed, non-collusive negotiations; (2) has
5 no obvious deficiencies; (3) does not improperly grant preferential treatment to class
6 representatives or segments of the class; and (4) falls within the range of possible approval. *See In*
7 *re Tableware Antitrust Litig.*, 484 F. Supp. 2d 1078, 1079 (N.D. Cal. 2007); Joseph M.
8 McLaughlin, *McLaughlin on Class Actions: Law and Practice* § 6.6 (7th ed. 2011) (“Preliminary
9 approval is an initial evaluation by the court of the fairness of the proposed settlement, including a
10 determination that there are no obvious deficiencies such as indications of a collusive negotiation,
11 unduly preferential treatment of class representatives or segments of the class, or excessive
12 compensation of attorneys . . .”). The proposed settlement need not be ideal, but it must be fair
13 and free of collusion, consistent with a plaintiff’s fiduciary obligations to the class. *Hanlon*, 150
14 F.3d at 1027. The Court considers the settlement as a whole, rather than its components, and lacks
15 the authority to “delete, modify or substitute certain provisions.” *Id.* (internal quotation marks
16 omitted). “The settlement must stand or fall in its entirety.” *Id.*

17 In this case, the factors set forth in *In re Tableware Antitrust Litig* and *Hanlon* weigh in
18 favor of granting preliminary approval of the settlement.

19 **A. The Settlement Process**

20 The first factor the Court examines is the means by which the parties arrived at the
21 settlement. “An initial presumption of fairness is usually involved if the settlement is
22 recommended by class counsel after arm’s-length bargaining.” *Harris v. Vector Mktg. Corp.*, No.
23 08-cv-5198-EMC, 2011 WL 1627973, at *8 (N.D. Cal. Apr. 29, 2011) (citation omitted).

24 Here, the parties reached their settlement after a full day mediation session and almost
25 eighteen additional months of negotiation before an impartial and experienced mediator. This
26 strongly suggests the absence of collusion or bad faith by the parties or counsel. *See Chun-Hoon*
27 *v. McKee Foods Corp.*, 716 F. Supp. 2d 848, 852 (N.D. Cal. 2010); *Satchell v. Fed. Express*
28 *Corp.*, No. 03-cv-2659-SI, 2007 WL 1114010, at *4 (N.D. Cal. Apr. 13, 2007) (“The assistance of

1 an experienced mediator in the settlement process confirms that the settlement is non-collusive.”).
2 Furthermore, the parties rescinded an initial settlement agreement once they determined that the
3 terms were no longer reasonable given the class size, Dkt. No. 58, and engaged in substantial
4 additional discovery to ensure that all class members were identified, Mot. at 4-6. This further
5 supports the Court’s finding of arm’s-length bargaining.

6 **B. Obvious Deficiencies**

7 The second factor the Court considers is whether there are obvious deficiencies in the
8 Settlement Agreement. The Court finds no obvious deficiencies in the Settlement Agreement.

9 **C. Preferential Treatment**

10 Under the third factor, the Court examines whether the Settlement Agreement provides
11 preferential treatment to any class member. The proposed plan allocates the Payout Fund to
12 Settlement Class Members equally on a pro-rata basis. All checks that remain uncashed after sixty
13 (60) days will revert to the Payout Fund, and Settlement Class Members who timely cash their
14 initial checks will receive a pro-rata share of the remaining Payout Fund, so long as the pro-rata
15 share meets or exceeds \$5.00. Thus, all Settlement Class Members who cash their initial
16 settlement checks will receive an equal settlement amount, and no one will receive preferential
17 treatment. While the Settlement Agreement authorizes Plaintiff to seek an incentive award of up
18 to \$10,000 for her role as named plaintiff in this lawsuit, the Court will ultimately determine
19 whether she is entitled to such an award and the reasonableness of the amount requested. The
20 Ninth Circuit has recognized that incentive awards to named plaintiffs in a class action are
21 permissible and do not render a settlement unfair or unreasonable. *See Stanton v. Boeing Co.*, 327
22 F.3d 938, 977 (9th Cir. 2003); *Rodriguez v. W. Publ’g Corp.*, 563 F.3d 948, 968-69 (9th Cir.
23 2009).

24 **D. Whether the Settlement Falls Within the Range of Possible Approval**

25 Finally, the Court must consider whether the Settlement Agreement falls within the range
26 of possible approval. “To evaluate the range of possible approval criterion, which focuses on
27 substantive fairness and adequacy, courts primarily consider plaintiffs’ expected recovery
28 balanced against the value of the settlement offer.” *Vasquez v. Coast Valley Roofing, Inc.*, 670 F.

1 Supp. 2d 1114, 1125 (E.D. Cal. 2009) (citing *In re Tableware Antitrust Litig.*, 484 F. Supp. 2d at
2 1080) (internal quotations omitted). Additionally, to determine whether a settlement is
3 fundamentally fair, adequate, and reasonable, the Court may preview the factors that ultimately
4 inform final approval: (1) the strength of the plaintiffs' case; (2) the risk, expense, complexity, and
5 likely duration of further litigation; (3) the risk of maintaining class action status throughout the
6 trial; (4) the amount offered in settlement; (5) the extent of discovery completed and the stage of
7 the proceedings; (6) the experience and views of counsel; (7) the presence of a governmental
8 participant; and (8) the reaction of class members to the proposed settlement. *See Churchill Vill.*
9 *v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir. 2004) (citation omitted). Although the Court undertakes
10 a more in-depth investigation of the foregoing factors at the final approval stage, these factors
11 inform whether the Settlement Agreement falls within the "range of possible approval."

12 The Court first considers the class's expected recovery balanced against the value of the
13 settlement offer, taking into account the strength of Plaintiff's case. The Settlement Agreement
14 provides for a GSS of \$950,000. Plaintiff's counsel represents that assuming that all class
15 members cash a check, each class member would be entitled to \$324.45 before the deduction of
16 attorneys' fees, costs, incentive payment, and administration costs. Mot. at 19. After the
17 deduction of fees, costs, and incentive payment, class members are expected to receive
18 approximately \$200.00 each. *See* Dkt. No. 100-6 at 6. Plaintiff argues that this is a fair recovery
19 because class members who did not suffer any actual damages would only be able to recover
20 statutory penalties of \$100 to \$1,000 each. Mot. at 19. Moreover, Plaintiff contends, class
21 members would not be entitled to these statutory damages if Plaintiff could not establish that
22 Defendant violated the FCRA willfully. *Id.* The Court agrees. As the Court has previously held,
23 any class members who experienced actual damages are protected by the opt-out process. *See*
24 *Harper*, 2016 WL 2344194, at *5; *Gragg*, 2014 WL 794266, at *3. Defendant continues to deny
25 all wrongdoing, *see e.g.*, Settlement Agreement ¶¶ VI, VII, and purports to assert no less than
26 twenty-five distinct affirmative defenses to Plaintiff's claims, *see* Dkt. No. 28, which could
27 constitute significant obstacles for Plaintiff at trial. Further, Plaintiff could face obstacles to class
28 certification. Accordingly, the approximately \$200.00 recovery is more than sufficient for the

1 Court to grant preliminary approval given the merits of Plaintiff's claims.

2 Second, the settlement amount is adequate given the expense, complexity, and duration of
3 further litigation. In order to prevail in this action, Plaintiff would be required to successfully
4 move for class certification under Rule 23, survive summary judgment, and receive a favorable
5 verdict capable of withstanding a potential appeal. The risks and costs associated with class action
6 litigation weigh strongly in favor of settlement.

7 The third factor concerning whether class certification can be maintained through trial also
8 weighs in favor of settlement. Certifying a class composed of 2,928 employees and employment
9 candidates presents complex issues that could undermine certification at many different stages of
10 the litigation.

11 Fourth, the \$950,000 GSS, which constitutes about 32.4% of Defendant's potential
12 statutory damage exposure, is reasonable given the stage of the proceedings and the defenses
13 asserted in this action.

14 Fifth, the parties have undertaken sufficient discovery to inform their view of the
15 reasonableness of the Settlement Agreement. After the Court expressed reservations about the
16 parties' first motion for preliminary approval, the parties recommenced formal discovery, taking
17 multiple depositions, propounding written discovery and third-party subpoenas, and exchanging
18 hundreds of thousands of lines of data. Mot. at 5.

19 The sixth factor takes into account counsel's experience and their respective views of the
20 Settlement Agreement. The Court has previously evaluated class counsel's qualifications and
21 experience and concluded that counsel is qualified to represent the class's interests in this action.
22 The Court notes, however, that courts have taken divergent views as to the weight to accord
23 counsel's opinions of a settlement agreement. *Compare Carter v. Anderson Merch., LP*, 2010 WL
24 1946784, at *8 (C.D. Cal. May 11, 2010) ("Counsel's opinion is accorded considerable weight."),
25 *with Chun-Hoon*, 716 F. Supp. 2d at 852 ("[T]his court is reluctant to put much stock in counsel's
26 pronouncements, as parties to class actions and their counsel often have pecuniary interests in
27 seeing the settlement approved."). The Court finds that this factor tilts in favor of approval, even
28 though the Court affords only modest weight to the views of counsel.

1 Having weighed the aforementioned factors, the Court finds that the Settlement Agreement
2 falls within the range appropriate for preliminary approval.¹

3 **IV. PROPOSED CLASS NOTICE AND NOTIFICATION PROCEDURES**

4 The class notice in a Rule 23(b)(3) class action must comport with the requirements of due
5 process. “The plaintiff must receive notice plus an opportunity to be heard and participate in
6 litigation, whether in person or through counsel.” *Philips Petroleum Co. v. Shutts*, 472 U.S. 797,
7 812 (1985). The notice must be “the best practicable, reasonably calculated, under all the
8 circumstances, to apprise interested parties of the pendency of the action and afford them an
9 opportunity to present their objections.” *Id.* (internal quotation marks omitted). “The notice
10 should describe the action and the plaintiffs’ rights in it.” *Id.* Rule 23(c)(2)(B) provides, in
11 relevant part:

12 The notice must clearly and concisely state in plain, easily
13 understood language: (i) the nature of the action; (ii) the definition
14 of the class certified; (iii) the class claims, issues, or defenses; (iv)
15 that a class member may enter an appearance through an attorney if
16 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).

17 Additionally, “an absent plaintiff [must] be provided with an opportunity to remove himself from
18 the class by executing and returning an ‘opt out’ or ‘request for exclusion’ form to the court.”
19 *Philips Petroleum Co.*, 472 U.S. at 812.

20 Plaintiff proposes Rust Consulting as the settlement administrator for the class. The Court
21 finds that Rust Consulting is qualified to perform the tasks associated with administering the
22 notice and claims procedures outlined in the Settlement Agreement and therefore approves Rust
23 Consulting as the settlement administrator. Rust Consulting will, among other tasks, verify class
24 members’ addresses, perform any necessary skip-tracing, provide notice, calculate awards, process
25 requests for exclusion and objections, maintain the settlement website, create and staff the toll-free
26 telephone line for class members’ questions, and mail class members their settlement awards.

27
28

¹ The seventh factor does not apply to these facts and the eighth factor is premature at this stage.

1 The Court finds the proposed notice is satisfactory. The parties propose that Rush
2 Consulting will mail the Notice Packet, including the Class Notice, to class members by first-class
3 regular U.S. mail within thirty (30) days of preliminary approval. Prior to mailing the Notice
4 Packet, Rush Consulting will check the mailing addresses provided by Defendant against the
5 U.S.P.S National Change of Address database and perform any necessary skip-tracing. All class
6 members will have forty-five (45) days from the mailing of the Notice Packet to object or to
7 exclude themselves from the Settlement Agreement. The Class Notice clearly defines the
8 difference between excluding oneself and objecting to the settlement; it also identifies the date by
9 which a member must object or opt out and the address to which any objections or opt-outs must
10 be sent. Additionally, the Class Notice explains that an objector can speak at the fairness hearing,
11 if he or she wants to. The Court finds the mailing of notice to the class is reasonably calculated to
12 notify any interested parties of the action and provides, as required by Rule 23, pertinent
13 information for class members to present objections to the proposed settlement.

14 The content of the proposed notices includes a definition of the putative class and
15 information about the history and subject matter of the litigation and the settlement. The notice
16 also provides information for those who want to exercise the following options: (1) opt out of the
17 settlement, (2) remain in the class and object to the settlement, and (3) remain in the class and do
18 nothing. The notice explains the binding effect of the settlement and a decision to exclude oneself
19 from the settlement. The notice also indicates that additional information regarding the settlement
20 is available through Rush Consulting and class counsel, and their contact information is provided.

21 The Class Notice has the following deficiencies. The table of contents contains track
22 changes for several of the page numbers, which should be removed. Dkt. No. 100-6, Ex. 5 at 3-4.
23 Under the heading, “How do I know if I’m part of the settlement,” there is a typographical error in
24 the first sentence. *Id.* at 6. Under the heading, “What does the settlement provide,” the second
25 sentence of the second paragraph should clarify that attorneys’ fees, costs, incentive payment, and
26 settlement administration costs will be determined “by” the Court. *Id.* Under the heading, “How
27 will the lawyers and class representatives be paid,” there is a typographical error in the first
28 sentence. *Id.* at 8. Further, the Class Notice does not clearly inform class members that, even if

1 they object, they will not be entitled to be heard at the final settlement hearing unless they have
2 submitted written notice of their intention to appear by the opt-out deadline. *Id.* at 8-9, 10. Also,
3 paragraph 15 should be edited so that objections are not sent directly to the Court. Rather,
4 objections should be sent to the settlement administrator to be compiled and filed in one
5 submission to the Court. Finally, the Class Notice should direct class members not to contact the
6 Court.

7 **V. NOTICE OF MOTION AND AWARD OF ATTORNEYS' FEES AND COSTS**

8 The Class Notice informs class members that class counsel “intend to apply to the Court
9 for an award of attorneys’ fees, in an amount not to [sic] thirty-three and one-third percent (33
10 1/3%) of the settlement fund, and documented, customary out-of-pocket expenses incurred during
11 the case.” *Id.* at 8. It also provides that class counsel will “seek compensation for the Named
12 Plaintiff in an amount not to exceed \$10,000.” *Id.*

13 To enable class members to review class counsel’s motion, class counsel shall include
14 language in the settlement notices (1) indicating the deadline for filing the attorneys’ fees motion,
15 (2) specifically stating the deadline for any class member objections to the fees motion, and (3)
16 informing class members that the motion and supporting materials will be available for viewing on
17 class counsel’s website. *See In re Mercury Interactive Corp. Sec. Litig.*, 618 F.3d 988, 993-94
18 (9th Cir. 2010) (holding that under Rule 23(h), class members must be given a full and fair
19 opportunity to examine and object to attorneys’ fees motion). That motion shall be filed with the
20 Court and posted on class counsel’s website not later than 20 days before class members’
21 objections are due.

22 **VI. SETTLEMENT APPROVAL SCHEDULE**

23 The parties are directed to meet and confer and stipulate to a schedule of dates for each
24 event listed below, which shall be submitted to the Court along with a proposed order within seven
25 days of the date of this Order.
26
27
28

United States District Court
Northern District of California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28


Event	Date
Filing deadline for attorneys' fees and costs motion	
Filing deadline for incentive payment motion	
Filing deadline for final approval motion	
Final fairness hearing and hearing on motions	

VII. CONCLUSION

For the reasons stated above, the Court GRANTS Plaintiff's motion for preliminary approval of class action settlement. The parties are directed to comply with the instructions provided in this Order.

IT IS SO ORDERED.

Dated: August 5, 2016


 HAYWOOD S. GILLIAM, JR.
 United States District Judge