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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

WINIFRED CABINESS,
Plaintiff,
v.
EDUCATIONAL FINANCIAL
SOLUTIONS, LLC, et al.,
Defendants.

Case No. 16-cv-01109-JST

**ORDER GRANTING PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

Re: ECF No. 109

United States District Court
Northern District of California

Before the Court is Plaintiff’s unopposed motion for preliminary approval of class action settlement. ECF No. 109. The Court will grant the motion.

I. BACKGROUND

Plaintiff Winifred Cabiness brought this action on behalf of herself and similarly situated individuals pursuant to the Telephone Consumer Protection Act, 47 U.S.C. §§ 227 *et seq.* (“TCPA”). ECF No. 88 ¶¶ 7, 31. Cabiness alleges that Defendants Educational Financial Services, LLC dba Campus Debt Solutions (“CDS”); Beta Investment Group, Inc.; Equity Acquisitions, LLC; Venturetech Solutions, LLC; Debt.Com, LLC; and Howard Dvorkin are a single business enterprise that “violated the TCPA by impermissibly placing calls to the cellular telephones of [Cabiness] and the members of the class using an ATDS [automatic telephone dialing system] or an artificial or prerecorded voice without their prior express written consent.” *Id.* ¶¶ 9-20, 80.

Cabiness asserts that Defendants acquired a phone number previously used by the United States Department of Education (“DOE”) to operate a call center for federally backed student loan programs. *Id.* ¶ 42. This number was allegedly listed on the DOE’s forms, website, and consumer account statements. *Id.* ¶¶ 42, 48. When class members called the number believing they were

1 contacting the DOE, Defendants allegedly collected their telephone numbers and stored them in a
 2 database. *Id.* ¶ 46. Cabiness alleges that Defendants used these stored numbers to place calls with
 3 an ATDS to mislead class members into paying for student loan forgiveness and payment
 4 programs that were otherwise offered for free by the federal government. *Id.* ¶¶ 46-47.

5 On June 5, 2017, the parties “attended a full-day mediation with the Honorable Peter D.
 6 Lichtman (Ret.) at JAMS” but were unable to finalize a settlement following the mediation. ECF
 7 No. 110 ¶ 24. The parties eventually resolved their disputes and reached the proposal that is now
 8 before the Court. *Id.*

9 On March 28, 2018, the Court ordered supplemental briefing on the adequacy of class
 10 counsel and two aspects of the notice procedures. ECF No. 115. Cabiness timely filed the
 11 requested briefing on April 9, 2018. ECF No. 116.

12 **II. CONDITIONAL CLASS CERTIFICATION**

13 Cabiness requests conditional class certification of the following class for settlement
 14 purposes:

15 [A]ll persons in the United States and its Territories:

16 (a) who received one or more telephone solicitation calls on their
 17 cellular telephone advertising CDS’ student loan consolidation and
 loan forgiveness services, made by or on behalf of CDS;

18 (b) using an automated telephone dialing system, or artificial or
 19 prerecorded voice;

20 (c) without providing prior express written consent to receive such
 phone calls;

21 (d) since October 16, 2013.

22 Excluded from the Settlement Class are the following: (i) any trial
 23 judge that may preside over this Action; (ii) any of the Defendants;
 24 (iii) any of the Released Parties; (iv) Class Counsel and their
 employees; (v) the immediate family of any of the foregoing
 25 persons; and (vi) any person who has previously given a valid
 release of the claims asserted in this Action.

26 *Id.* at 10-11.

27 **A. Legal Standard**

28 Class certification under Rule 23 of the Federal Rules of Civil Procedure is a two-step

1 process. First, a plaintiff must demonstrate that the four requirements of Rule 23(a) are met:
2 numerosity, commonality, typicality, and adequacy. “Class certification is proper only if the trial
3 court has concluded, after a ‘rigorous analysis,’ that Rule 23(a) has been satisfied.” *Wang v.*
4 *Chinese Daily News, Inc.*, 737 F.3d 538, 542-43 (9th Cir. 2013) (quoting *Wal-Mart Stores, Inc. v.*
5 *Dukes*, 564 U.S. 338, 351 (2011)).

6 Second, a plaintiff must establish that the action meets one of the bases for certification in
7 Rule 23(b). Cabiness relies on Rule 23(b)(3) and must therefore establish that “questions of law
8 or fact common to class members predominate over any questions affecting only individual
9 members, and that a class action is superior to other available methods for fairly and efficiently
10 adjudicating the controversy.” Fed. R. Civ. P. 23(b)(3).

11 When determining whether to certify a class for settlement purposes, a court must pay
12 “heightened” attention to the requirements of Rule 23. *Amchem Prods., Inc. v. Windsor*, 521 U.S.
13 591, 620 (1997). “Such attention is of vital importance, for a court asked to certify a settlement
14 class will lack the opportunity, present when a case is litigated, to adjust the class, informed by the
15 proceedings as they unfold.” *Id.*

16 **B. Analysis**

17 **1. Rule 23(a)(1): Numerosity**

18 Rule 23(a)(1) requires that the class be “so numerous that joinder of all members is
19 impracticable.” Fed. R. Civ. P. 23(a)(1). The proposed class includes approximately 30,572
20 people and easily satisfies this standard. ECF No. 110 ¶ 16.

21 **2. Rule 23(a)(2): Commonality**

22 Rule 23(a)(2) requires that there be “questions of law or fact common to the class.” Fed.
23 R. Civ. P. 23(a)(2). A common question “is capable of classwide resolution – which means that
24 determination of its truth or falsity will resolve an issue that is central to the validity of each one of
25 the claims in one stroke.” *Wal-Mart*, 564 U.S. at 350. For the purposes of Rule 23(a)(2), “even a
26 single common question” is sufficient. *Id.* at 359 (quotation marks and internal alterations
27 omitted).

28 All proposed class members in this case share the common question of whether, in

1 violation of the TCPA, they received automated calls from Defendants without prior express
2 written consent. The existence of this question satisfies the commonality requirement.

3 **3. Rule 23(a)(3): Typicality**

4 Rule 23(a)(3) requires that “the claims or defenses of the representative parties are typical
5 of the claims or defenses of the class.” Fed R. Civ. P. 23(a)(3). “The purpose of the typicality
6 requirement is to assure that the interest of the named representative aligns with the interests of the
7 class.” *Hanon v. Dataproducts Corp.*, 976 F.2d 497, 508 (9th Cir. 1992). “The test of typicality
8 ‘is whether other members have the same or similar injury, whether the action is based on conduct
9 which is not unique to the named plaintiffs, and whether other class members have been injured by
10 the same course of conduct.’” *Id.* (quoting *Schwartz v. Harp*, 108 F.R.D. 279, 282 (C.D. Cal.
11 1985)).

12 Cabiness’s claims are typical of the class claims. All members of the proposed class,
13 including Cabiness, have allegedly been injured by the same conduct: receiving, without prior
14 consent, automated calls from Defendants advertising CDS’s student loan consolidation and
15 forgiveness services.

16 **4. Rule 23(a)(4): Adequacy**

17 Rule 23(a)(4) requires that “the representative parties will fairly and adequately protect the
18 interests of the class.” Fed. R. Civ. P. 23(a)(4). This “requires that two questions be addressed:
19 (a) do the named plaintiffs and their counsel have any conflicts of interest with other class
20 members and (b) will the named plaintiffs and their counsel prosecute the action vigorously on
21 behalf of the class?” *In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d 454, 462 (9th Cir. 2000).

22 The record contains no evidence suggesting that Cabiness has a conflict of interest with
23 other class members. She shares a common claim with the class, seeks the same relief as they do,
24 and has every incentive to vigorously prosecute the action on behalf of the class. In addition, class
25 counsel have submitted declarations highlighting their extensive experience in litigating consumer
26 class actions and consumer protection cases. ECF No. 110 ¶¶ 32-36; ECF No. 111 ¶¶ 4-19; ECF
27 No. 116-2 ¶¶ 2-10. Both Cabiness and class counsel will adequately represent the proposed class.
28

1 **5. Rule 23(b)(3): Predominance and Superiority**

2 Finally, Rule 23(b)(3) requires that “questions of law or fact common to class members
3 predominate over any questions affecting only individual members, and that a class action is
4 superior to other available methods for fairly and efficiently adjudicating the controversy.” Fed.
5 R. Civ. P. 23(b)(3). Courts must consider:

6 (A) the class members’ interests in individually controlling the
7 prosecution or defense of separate actions;

8 (B) the extent and nature of any litigation concerning the
9 controversy already begun by or against class members;

10 (C) the desirability or undesirability of concentrating the litigation of
11 the claims in the particular forum; and

12 (D) the likely difficulties in managing a class action.

13 *Id.* The predominance inquiry “tests whether proposed classes are sufficiently cohesive to warrant
14 adjudication by representation.” *Amchem Prods.*, 521 U.S. at 623. “When common questions
15 present a significant aspect of the case and they can be resolved for all members of the class in a
16 single adjudication, there is clear justification for handling the dispute on a representative rather
17 than on an individual basis.” *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1022 (9th Cir. 1998)
18 (quoting 7A Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, *Federal Practice &*
19 *Procedure* § 1778 (2d ed. 1986)). Similarly, “[w]here classwide litigation of common issues will
20 reduce litigation costs and promote greater efficiency, a class action may be superior to other
21 methods of litigation.” *Valentino v. Carter-Wallace, Inc.*, 97 F.3d 1227, 1234 (9th Cir. 1996)

22 The dominant legal issue in this case is whether Defendants used an ATDS to make calls
23 to class members without their prior express written consent. The questions that arise from this
24 issue predominate over any questions that could affect only individual class members. A class
25 action is also a superior method for fairly and efficiently adjudicating those and other questions.
26 The class consists of thousands of members who would be unlikely to bring individual claims for
27 the relatively small amounts of money they each are due. Even if this were not so, resolving their
28 disputes in a single class action would be far more efficient than litigating their individual cases,
and a class action would not be difficult to manage. There appear to be no competing cases

1 concerning the class, nor are there any reasons why it would be undesirable to litigate the case in
2 this forum. The proposed class satisfies the requirements of Rule 23(b)(3).

3 Because the proposed class meets all of the requirements of Rules 23(a) and 23(b)(3),
4 provisional certification of the proposed class is appropriate for purposes of settlement.

5 **III. APPOINTMENT OF CLASS REPRESENTATIVE AND CLASS COUNSEL**

6 Cabiness meets the commonality, typicality, and adequacy requirements of Rule 23(a), and
7 the Court will appoint her as class representative.

8 When a court certifies a class, it must consider the following when appointing class
9 counsel:

10 (i) the work counsel has done in identifying or investigating
11 potential claims in the action;

12 (ii) counsel's experience in handling class actions, other complex
litigation, and the types of claims asserted in the action;

13 (iii) counsel's knowledge of the applicable law; and

14 (iv) the resources that counsel will commit to representing the class.

15 Fed. R. Civ. P. 23(g)(1)(A). The court may also "consider any other matter pertinent to counsel's
16 ability to fairly and adequately represent the interests of the class." Fed. R. Civ. P. 23(g)(1)(B).

17 Kemnitzer, Barron, & Krieg, LLP ("Kemnitzer") and the East Bay Community Law Center
18 ("EBCLC") obtained a good understanding of the issues and vigorously prosecuted this action by
19 engaging in extensive motion practice, thorough discovery, and productive negotiation. ECF No.
20 110 ¶¶ 22-24; ECF No. 116-2 ¶ 10. Additionally, as noted when discussing adequacy, Kemnitzer
21 and EBCLC have significant prior experience in litigating consumer protection cases, including
22 class actions. ECF No. 110 ¶¶ 32-36; ECF No. 111 ¶¶ 4-19; ECF No. 116-2 ¶¶ 2-10. For these
23 reasons, the Court will appoint Kemnitzer and EBCLC as class counsel pursuant to Federal Rule
24 of Civil Procedure 23(g).

25 **IV. PRELIMINARY APPROVAL**

26 **A. Legal Standard**

27 The Ninth Circuit maintains a "strong judicial policy" that favors the settlement of class
28 actions. *Class Plaintiffs v. City of Seattle*, 955 F.2d 1268, 1276 (9th Cir. 1992). Courts generally

1 employ a two-step process in evaluating a class action settlement. First, courts make a preliminary
 2 determination concerning the merits of the settlement and, if the class action has settled prior to
 3 class certification, the propriety of certifying the class. *See* Manual for Complex Litigation
 4 (Fourth) § 21.632 (2004). Second, courts must hold a hearing and make a final determination of
 5 whether the settlement is “fair, reasonable, and adequate.” Fed. R. Civ. P. 23(e)(2).

6 At the preliminary approval stage, the court must determine whether the settlement falls
 7 “within the range of possible approval.” *In re Tableware Antitrust Litig.*, 484 F. Supp. 2d 1078,
 8 1080 (N.D. Cal. 2007) (quotation omitted). To assess a settlement proposal, courts must balance a
 9 number of factors:

10 the strength of the plaintiffs’ case; the risk, expense, complexity, and
 11 likely duration of further litigation; the risk of maintaining class
 12 action status throughout the trial; the amount offered in settlement;
 13 the extent of discovery completed and the state of the proceedings;
 14 the experience and views of counsel; the presence of a governmental
 15 participant; and the reaction of the class members to the proposed
 16 settlement.

17 *Hanlon*, 150 F.3d at 1026.¹ The proposed settlement must be “taken as a whole, rather than the
 18 individual component parts” in the examination for overall fairness. *Id.* Courts do not have the
 19 ability to “delete, modify, or substitute certain provisions,” *id.* (quoting *Officers for Justice v. Civ.*
 20 *Serv. Comm’n of San Francisco*, 688 F.2d 615, 630 (9th Cir. 1982)); the settlement “must stand or
 21 fall in its entirety,” *id.*

22 The proposed settlement need not be ideal, but it must be “fair, adequate and free from
 23 collusion.” *Id.* at 1027. Preliminary approval of a settlement is appropriate if “the proposed
 24 settlement appears to be the product of serious, informed, non-collusive negotiations, has no
 25 obvious deficiencies, does not improperly grant preferential treatment to class representatives or
 26 segments of the class, and falls within the range of possible approval.” *In re Tableware*, 484 F.
 27 Supp. 2d at 1079 (quotation omitted). “The initial decision to approve or reject the settlement
 28 under Fed. R. Civ. P. 23(e) is committed to the sound discretion of the trial judge.” *City of Seattle*,
 955 F.2d at 1276. Courts “must be particularly vigilant not only for explicit collusion, but also for

¹ This case does not have a governmental participant, so the Court need not consider that factor.

1 more subtle signs that class counsel have allowed pursuit of their own self-interests and that of
 2 certain class members to infect the negotiations.” *In re Bluetooth Headset Prods. Liab. Litig.*, 654
 3 F.3d 935, 947 (9th Cir. 2011).

4 **B. Terms of the Settlement**

5 The proposed settlement (“Settlement”) creates a fund in the amount of “\$1,100,000.00
 6 that will [be] used for cash payments to Settlement Class Members, the costs of notice and
 7 settlement administration (capped at \$125,000), a Court-approved Service Award, and Court-
 8 approved Attorneys’ Fees and Costs.” ECF No. 109 at 11 (citations to settlement agreement
 9 omitted). Defendants have agreed to send a “check, via direct distribution, in the amount of at
 10 least \$20.00,” to “each Settlement Class Member, for whom the Settlement Administrator is able
 11 to obtain a valid mailing address.”² *Id.* Class members will not be required to submit a claim
 12 form in order to receive their payments. ECF No. 110-1 at 23. Defendants have also agreed to
 13 injunctive relief, including an injunction that prohibits them “from using an ATDS to place
 14 telemarketing calls on behalf of CDS without obtaining prior express written consent.” *Id.* at
 15 24-25.

16 The Settlement Administrator will use Defendant’s call records and “a reverse lookup
 17 process through Lexis Nexis to attempt to obtain the name and address associated with each
 18 cellular telephone number” that was dialed during the relevant period. *Id.* at 13. Counsel
 19 estimates that this process, when combined with addresses already known to counsel, will result in
 20 mailing addresses for 81.6% of the class. ECF No. 110 ¶ 18. The following notice plan is
 21 estimated to reach 96.66% of the class, *id.*:

22 **1. Mailed Postcard Notice**

23 . . . [T]he Settlement Administrator, Heffler Claims Group, will
 24 send, via U.S. mail, a “Postcard Notice” that summarizes the terms
 25 of the Settlement Agreement and directs Settlement Class Members
 26 to the Settlement Website. If a Settlement Class Member receives
 the Postcard Notice, they need not do anything to receive a Benefit
 Check, however, they have the option of providing an updated
 mailing address on the Settlement Website.

27 _____
 28 ² The Settlement designates Heffler Claims Group as the Settlement Administrator. ECF No. 110-1 at 17.

United States District Court
Northern District of California

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2. Email Notice

A supplemental Long Form Notice, will be sent, via email, to the 85% of Settlement Class Members with identified email addresses. The Email Notice will direct Settlement Class Members to the Settlement Website to allow those members to provide mailing addresses so they can receive Benefit Checks.

3. Settlement Website

The Settlement Administrator shall create a Settlement Website, www.CDSphonecallsettlement.com from which Settlement Class Members can access copies of the Complaint, the Settlement Agreement, the Notices, the Preliminary Approval Order, Plaintiff’s motion for preliminary approval of the Agreement, Plaintiff’s motion seeking the Final Approval Order and Judgment, the Fee, Cost and Service Award Application, and other pertinent documents, materials, and information about the Settlement. In addition, Settlement Class Members will be able to provide and update mailing addresses on the Settlement Website. Settlement Class Members will be able to contact the Settlement Administrator and Class Counsel with any questions.

Defendants, through the Settlement Administrator, shall be responsible for timely compliance with all CAFA [Class Action Fairness Act] notice requirements.

Id. at 13-14 (citations to settlement agreement omitted).

The Settlement requires class members to release the following claims:

[A]ll claims, debts, controversies, losses, liabilities, liens, demands, promises, causes of action, class actions, suits, arbitrations, remedies, sanctions, rights, controversies, damages (including, but not limited to, actual, statutory, trebled, exemplary, or punitive), fees (including, but not limited to, attorneys’ fees), expenses, costs, indebtedness, injunctive relief, judgments, and obligations of any kind or nature whatsoever, whether in law or in equity, whether known or unknown, fixed or contingent, claimed or unclaimed, direct or indirect, individual or representative, arising out of or relating to any telemarketing, solicitation, or other marketing or dissemination that was made by and/or on behalf of any of the Released Parties and/or promoting Released Parties’ products or services, including the actual or alleged use of an automatic telephone dialing system or prerecorded voice, who did not consent to such call, or otherwise arising under the TCPA or similar federal or state laws governing such matters, and any rule or regulation thereunder, including without limitation the claims alleged in the Complaint. This release specifically extends to claims that the Releasing Parties do not know or suspect to exist in their favor as of the date of the Final Approval and Judgment, which release is meant to and constitutes a waiver and relinquishment, without limitation, of Section 1542 of the California Civil Code. . . .

ECF No. 110-1 at 25-26. Class members who wish to opt out of the Settlement must submit a

1 Request for Exclusion to the Settlement Administrator “by the Objection/Exclusion Deadline,
2 ninety-one (91) days after entry of the Preliminary Approval Order or such other date specified in
3 the Court’s Preliminary Approval Order.” *Id.* at 39-40. Class members who want to object to the
4 Settlement must “file [a] notice of objection or request to be heard with the Court . . . by no later
5 than the Objection/Exclusion Deadline” *Id.* at 42. Any objection or request to be heard must be
6 mailed solely to the Court. ECF No. 116 at 3.

7 Finally, the Settlement requires Defendants to work with the Settlement Administrator to
8 provide timely notice to attorneys general, as required under 28 U.S.C. § 1715. Defendants have
9 satisfied these CAFA notice obligations. ECF No. 113-1.

10 C. Analysis

11 The Court will grant the motion for preliminary approval of class action settlement for the
12 reasons set forth below.

13 1. Non-Collusive Negotiations

14 Because the Settlement was reached prior to class certification, “there is an even greater
15 potential for a breach of fiduciary duty owed the class during settlement,” and the Court must
16 examine the risk of collusion with “an even higher level of scrutiny for evidence of collusion or
17 other conflicts of interest.” *In re Bluetooth*, 654 F.3d at 946. Signs of collusion include: (1) a
18 disproportionate distribution of the settlement fund to counsel; (2) negotiation of a “clear sailing
19 provision”; and (3) an arrangement for funds not awarded to revert to defendant rather than to be
20 added to the settlement fund. *Id.* at 947. If “multiple indicia of possible implicit collusion” are
21 present, a district court has a “special ‘obligat[ion] to assure itself that the fees awarded in the
22 agreement were not unreasonably high.’” *Id.* (quoting *Staton v. Boeing Co.*, 327 F.3d 938, 965
23 (9th Cir. 2003)).

24 As to the first *Bluetooth* factor, the Ninth Circuit has set a “benchmark” fee award at 25%
25 of the recovery obtained for common fund settlements such as this one. *Six (6) Mexican Workers*
26 *v. Ariz. Citrus Growers*, 904 F.2d 1301, 1311 (9th Cir. 1990). Class counsel intend to seek
27 \$330,000.00 in attorneys’ fees, which represents 30% of the total settlement fund. ECF No. 109 at
28 12. Although this is a departure from the benchmark, it is also significantly less than class

1 counsel's current combined lodestar of \$409,208. ECF No. 110 ¶ 12. Thus, for the purposes of
 2 evaluating collusive behavior, the Court finds that 30% is not a disproportionate amount.³

3 Second, when a settlement contains a clear sailing provision, "the district court has a
 4 heightened duty to peer into the provision and scrutinize closely the relationship between
 5 attorneys' fees and benefits to the class, being careful to avoid awarding 'unreasonably high' fees
 6 simply because they are uncontested." *In re Bluetooth*, 654 F.2d at 948 (quoting *Staton*, 327 F.3d
 7 at 954). In this case, the Settlement includes the following clear sailing provision: "Defendants
 8 agree not to object to Class Counsel's Fee, Cost and Service Award Application if Class Counsel's
 9 request for attorneys' fees does not exceed . . . \$330,000.00, plus costs of \$20,000.00." ECF No.
 10 110-1 at 43. However, a "'clear sailing' provision 'does not signal the possibility of collusion'
 11 where, as here, Class Counsel's fee will be awarded by the Court from the same common fund as
 12 the recovery to the class." *In re High-Tech Emp. Antitrust Litig.*, No. 11-cv-02509-LHK, 2015
 13 WL 5158730, at *14 (N.D. Cal. Sep. 2, 2015) (quoting *Rodriguez v. W. Publ'g Corp.*, 563 F.3d
 14 948, 961 n.5 (9th Cir. 2009)).

15 Third, no amount in the Settlement fund will revert to Defendants. ECF No. 110-1 at 24.
 16 Any settlement checks that go uncashed will be distributed to the National Consumer Law Center.
 17 *Id.*

18 After analyzing the *In re Bluetooth* factors, and considering that the Settlement was
 19 reached after the parties engaged in motion practice and participated in a full day of formal
 20 mediation, the Court concludes that the negotiations and agreement were non-collusive.

21 **2. Strength of Plaintiffs' Case; Risk, Expense, Complexity, and Likely**
 22 **Duration of Further Litigation; and Risk of Maintaining Class Status**
 23 **Throughout Trial**

24 The risk, expense, complexity, and likely duration of further litigation also weigh in favor
 25 of preliminary approval. Although Cabiness and class counsel believe their allegations have
 26 merit, they also acknowledge that Defendants have raised factual and legal defenses that may

27 _____
 28 ³ Plaintiff's motion for attorneys' fees is not yet before the Court. However, counsel are advised
 that the Court will follow the Ninth Circuit's instruction that only "special circumstances" justify a
 departure from the 25% benchmark. *Six (6) Mexican Workers*, 904 F.2d at 1311.

1 prevent recovery or class certification. ECF No. 109 at 23. Defendants continue to assert they
2 complied with the TCPA and also maintain they are not part of a single business enterprise. *Id.* at
3 22-23. Further, CDS is allegedly in “wind down” mode, which presents a risk that class members
4 would be unable to collect on a large judgment entered against CDS. *Id.* at 23. There appears to
5 be little risk that class status could not be maintained through trial. However, if this case were to
6 proceed to trial, it would substantially prolong the wait class members face to obtain relief.

7 3. Amount Offered in Settlement

8 To evaluate the adequacy of the settlement amount, “courts primarily consider plaintiffs’
9 expected recovery balanced against the value of the settlement offer.” *In re Tableware*, 484 F.
10 Supp. 2d at 1080. But “[i]t is well-settled law that a cash settlement amounting to only a fraction
11 of the potential recovery does not per se render the settlement inadequate or unfair.” *Officers for*
12 *Justice*, 688 F.2d at 628.

13 If they were to prevail on their claims after litigation, class members would be entitled to
14 \$500 of statutory damages per TCPA violation. 47 U.S.C. § 227(b)(3)(B). The Settlement
15 provides for a payment of a small fraction of this amount – approximately \$20.00 – to each class
16 member. ECF No. 110-1 at 23. However, all class members whose mailing addresses are
17 obtained by Defendants will receive a check in the mail without having to take any action on their
18 part. *Id.* This lack of an opt-in claims process ensures that the vast majority of the class will
19 receive compensation for their alleged harm and greatly weighs in favor of approval. Although
20 other TCPA class action settlements approved in this district have provided higher payments to
21 each class member who received a payment, the claims rates in those cases were extremely low.
22 *Bayat v. Bank of the W.*, No. C-13-2376 EMC, 2015 WL 1744342, at *5-6 (N.D. Cal. Apr. 15,
23 2015) (\$151 for each class member who filed a claim, but only 1.9% of class filed a claim);
24 *Pimental v. Google Inc.*, No. 11-CV-02585-YGR, 2013 WL 12177158, at *3 (N.D. Cal. June 26,
25 2013) (\$500 for each class member who filed a claim, but “only a small portion of the Settlement
26 Class is expected to file claims”); *Grannan v. Alliant Law Grp., P.C.*, No. C10-02803 HRL, 2012
27 WL 216522, at *4, *7 (N.D. Cal. Jan. 24, 2012) (\$300-325 to each class member who filed a
28 claim, but only 1,986 out of 137,891 class members, or 1.44%, filed a claim). Here, by contrast,

1 somewhere between 81.6% and 96.66% of all class members are projected to receive a payment.
 2 Moreover, the payments in the cited cases were calculated at the final approval stage, and those
 3 courts granted preliminary approval when the number of claimants was unknown and the potential
 4 recovery per class member was much lower than the estimated \$20.00 in this case. In evaluating
 5 the reasonableness of the Settlement, the Court is also cognizant of CDS's current "wind down"
 6 status, which may diminish the value of any future judgment entered at trial. ECF No. 109 at 23.
 7 Considering the settlement as a whole, and given the direct distribution process and the
 8 uncertainty surrounding the central Defendant, the Settlement amount is reasonable and favors
 9 approval.

10 **4. Extent of Discovery Completed and the State of the Proceedings**

11 The Settlement is the product of "nearly two years of litigation, extensive motion practice,
 12 thorough discovery including multiple depositions, and the Parties' participation in an all-day
 13 mediation session before the Honorable Peter D. Lichtman (Ret.) of JAMS and subsequent
 14 discussions." *Id.* at 7. The discovery process has permitted the parties to collect "sufficient
 15 information to make an informed decision about the Settlement." *In re Mego*, 213 F.3d at 459.
 16 This factor weighs in favor of preliminary approval.

17 **5. Experience and Views of Counsel**

18 As noted earlier, class counsel have extensive experience in litigating class action and
 19 consumer protection cases. ECF No. 110 ¶¶ 32-36; ECF No. 111 ¶¶ 4-19; ECF No. 116-2 ¶¶ 2-10.
 20 That they advocate in favor of this Settlement weighs in favor of its approval.⁴

21 **6. Reaction of Class Members to the Proposed Settlement**

22 The Court will wait until the fairness hearing to determine the reaction of the class
 23 members to the Settlement.

24
 25
 26 ⁴ The Court considers this factor, as it must, but gives it little weight. "[A]lthough a court might
 27 give weight to the fact that counsel for the class or the defendant favors the settlement, the court
 28 should keep in mind that the lawyers who negotiated the settlement will rarely offer anything less
 than a strong, favorable endorsement." *Principles of the Law of Aggregate Litigation* § 3.05
 cmt. a (Am. Law. Inst. 2010).

1 **7. Preferential Treatment**

2 Aside from a potential service award, Cabiness will receive the same relief as all other
3 class members.⁵ See ECF No. 110-1 at 23. There is also no evidence or suggestion that any other
4 class member will receive preferential treatment under the Settlement. This factor weighs in favor
5 of approval.

6 **8. The Presence of Obvious Deficiencies**

7 Finally, the Court has reviewed the Settlement and did not find any obvious deficiencies.
8 To the extent any objector calls attention to any such deficiency, the Court will consider it at the
9 fairness hearing.

10 **V. NOTICE**

11 The Court must separately evaluate the proposed notice procedure. Under Federal Rule of
12 Civil Procedure 23(c)(2)(B), “the court must direct to class members the best notice that is
13 practicable under the circumstances, including individual notice to all members who can be
14 identified through reasonable effort.” The notice must state:

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

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

23 Cabiness proposes sending class members a “Postcard Notice” via U.S. mail and a
24 “Long Form Notice” via email. ECF No. 110-1 at 28. For Postcard Notices that are
25 returned as undeliverable, the Settlement Administrator will use an address tracing process
26 through LexisNexis to obtain updated addresses. ECF No. 116 at 2-3. The Settlement
27 Administrator “will then re-mail all returned Notices to all updated addresses obtained
28 through the LexisNexis” tracing process. *Id.* at 3. The Long Form Notice will be

29 ⁵ Cabiness intends to request a \$10,000 service award, which is approximately 500 times the size
of the average award for other class members. ECF No. 109 at 11. The Court is unlikely to
approve a service award that is so disproportionate to other class members’ recovery in the
absence of extraordinary circumstances. See *Staton*, 327 F.3d at 975-77.

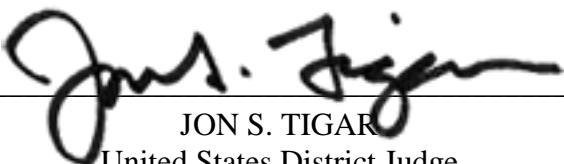
1 published on a website maintained by the Settlement Administrator. ECF No. 110-1 at 29.
2 Both notices contain the required elements listed above. *See id.* at 70-77 (Long Form
3 Notice); ECF No. 116-1 at 5 (Postcard Notice). The notices also direct class members to
4 the website for additional information on the Settlement and will contain a toll-free number
5 that class members can call if they have any questions. ECF No. 110-1 at 72; ECF No.
6 116-1 at 5. The notices adequately inform class members on how to object to the
7 Settlement and how to attend the Fairness Hearing. ECF No. 110-1 at 75-76; ECF No.
8 116-1 at 5. Additionally, any objections to the Settlement must be mailed to the Court and
9 will be filed as docket entries to provide notice to the parties. ECF No. 116 at 3. Both the
10 Postcard Notice and the Long Form Notice “clearly and concisely state in plain, easily
11 understood language” the key elements of the Settlement and the class members’ rights
12 under it. Fed. R. Civ. P. 23(c)(2)(B). The Court approves the notice procedure in the
13 Settlement, as modified by the parties’ supplemental briefing.

14 CONCLUSION

15 Cabiness’s motion for preliminary approval of class action settlement is granted,
16 and the class is provisionally certified for settlement purposes. The fairness hearing shall
17 be held on November 15, 2018, at 2:00 p.m. All other dates and deadlines shall be
18 calculated pursuant to the terms of the Settlement.

19 **IT IS SO ORDERED.**

20 Dated: June 25, 2018

21 
22 _____
23 JON S. TIGAR
24 United States District Judge
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26
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28