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19CV354554
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SUPERIOR COURT OF CALIFORNIA

COUNTY OF SANTA CLARA

PEGGY IRENE LEEDEMAN, individually and on behalf of all others similarly situated, Plaintiff, v. MIDLAND CREDIT MANAGEMENT, INC. and DOES 1 through 10, inclusive, Defendants.	Case No. 19CV354554 **ORDER GRANTING THE PARTIES' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT; GRANTING PLAINTIFF'S MOTION FOR ATTORNEYS' FEES, COSTS, AND A SERVICE AWARD**

This is a class action alleging unlawful debt collection practices by defendant Midland Credit Management, Inc. ("MCM" or "Defendant") in connection with consumer credit accounts.

Before the Court is (1) the parties' joint motion for final approval; and (2) Plaintiff Peggy Irene Leedeman's motion for attorneys' fees, costs, and a service award, which is unopposed. As discussed below, the Court GRANTS the parties' motion for final approval; and GRANTS Plaintiff's motion for attorneys' fees, costs, and a service award.

I. BACKGROUND

According to the allegations of the operative first amended complaint ("FAC"), Plaintiff incurred a financial obligation in the form of a consumer credit account issued by Capital One Bank (USA) N.A. ("Capital One"). (FAC, ¶ 12.) Plaintiff denies she owes any debt on this account. (*Ibid.*) On or about March 15, 2019, Capital One sold the alleged debt to MCM for collection. (FAC, ¶ 14.)

MCM sent Plaintiff an initial collection letter on April 10, 2019, which included an insert. (FAC, ¶¶ 16-19.) She alleges that the insert violated Civil Code section 1788.52, subdivision (d)(1), because it failed to provide the true name of the debt buyer and was printed in less than 12-point type. (FAC, ¶ 20.) These alleged violations are part of MCM's standard policy when sending initial collection communications. (FAC, ¶ 23.) Leedeman brings this class action on behalf of herself and other consumers who received such communications from MCM, in connection with debt originally owed to Capital One. (FAC, ¶¶ 24-26.)

Based on the foregoing allegations, Plaintiff initiated this action with the filing of the complaint asserting a single cause of action under the California Fair Debt Buying Practices Act ("CFDBPA"), Civil Code sections 1788.50-1788.64. On February 25, 2021, Plaintiff filed her FAC, which asserts the same claim. On January 24, 2026, the Court issued it order, which granted the parties' motion for preliminary approval.

The parties now seek final approval of the Settlement.

II. MOTION FOR FINAL APPROVAL

A. LEGAL STANDARDS FOR SETTLEMENT APPROVAL

1. Class Action

Generally, "questions whether a [class action] settlement was fair and reasonable, whether notice to the class was adequate, whether certification of the class was proper, and whether the attorney fee award was proper are matters addressed to the trial court's broad discretion." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 234–235 (*Wershba*), disapproved of on other grounds by *Hernandez v. Restoration Hardware, Inc.* (2018) 4 Cal.5th 260.)

> In determining whether a class settlement is fair, adequate and reasonable, the trial court should consider relevant factors, such as the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience

and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement.

(*Wershba, supra*, 91 Cal.App.4th at pp. 244–245, internal citations and quotations omitted.)

In general, the most important factor is the strength of the plaintiffs' case on the merits, balanced against the amount offered in settlement. (See *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 130 (*Kullar*).) But the trial court is free to engage in a balancing and weighing of relevant factors, depending on the circumstances of each case. (*Wershba, supra*, 91 Cal.App.4th at p. 245.) The trial court must examine the "proposed settlement agreement to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a whole, is fair, reasonable and adequate to all concerned." (*Ibid.*, citation and internal quotation marks omitted.) The trial court also must independently confirm that "the consideration being received for the release of the class members' claims is reasonable in light of the strengths and weaknesses of the claims and the risks of the particular litigation." (*Kullar, supra*, 168 Cal.App.4th at p. 129.) Of course, before performing its analysis the trial court must be "provided with basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise." (*Id.* at pp. 130, 133.)

2. Terms and Administration of Settlement

The non-reversionary gross settlement amount is $671,000. Attorneys' fees and costs not to exceed $260,000 and administration costs not to exceed $87,000. Plaintiff will seek a service award of $6,000. The net settlement amount is $318,000 will be allocated to members of the Class who are defined as "[a]ll persons with addresses in California to whom MIDLAND CREDIT MANAGEMENT, INC., sent or caused to be sent, an initial written communication in the form of Exhibits "1" and "2" to the First Amended Class Action Complaint for Statutory Damages herein an attempt to collect a charged-off consumer debt originally owed to Capital One Bank (USA), N.A. which was sold or resold to MIDLAND CREDIT MANAGEMENT, INC., on or after January 1, 2014, which were not returned as undeliverable by the U.S. Post

Office during the period one year prior to the date of filing this action through the date of class certification." Funds associated with checks uncashed after 90 days will be transmitted to East Bay Community Law Center in Berkley, Housing and Economic Rights Advocates in Oakland; and Community Legal Services in East Palo Alto, as equal cy pres recipients.

In exchange for settlement, Class Members who do not opt out will release:

> [A]ny and all claims, debts, liabilities, obligations, costs, expenses, attorneys' fees, damages, rights or equitable, legal or administrative relief, of any basis or source, whether known or unknown, actually alleged or that could have been alleged, based upon, arising from, or relating to, allegations asserted or that could have been asserted in the First Amended Class Action Complaint for Statutory Damages filed in the Action.

The notice period has now been completed. Veronica Olivares ("Olivares"), a case manager with settlement administrator CPT Group, Inc. ("CPT") submitted a declaration in support of the instant motion. On February 6, 2026, CPT received the class data from Defendant. On February 23, 2026, CPT mailed the postcard notices to all Class Members. On April 28, 2026, CPT received a request to be added from an individual, however, it was concluded that they are not a Class Member. As of the date of Olivares' declaration, 3,103 postcard notices have been returned—161 postcard notices with a forwarding address and 2,942 without a forwarding address. CPT took efforts to locate a forwarding address for the latter categories and as a result, 2,283 postcard notices were re-mailed. As of the date of Olivares' declaration 849 postcard notices remain undeliverable.

The deadline to submit a request for exclusion or objection was April 24, 2026. As of the date of Olivares' declaration, CPT has received 3 requests for exclusion and 0 objections. As a result, there are 36,548 participating Class Members which represents a 99.99% participation rate.

The request for $87,000 in administration costs is supported by Olivares' declaration. Thus, the amount is reasonable based on the work conducted in this action and therefore, it is approved.

At the preliminary approval, the Court found that the proposed settlement provides a fair and reasonable compromise to Plaintiff's claims. It finds no reason to depart from these findings now, especially considering that there are no objections. Therefore, the Court finds that the Settlement is fair and reasonable for the purposes of final approval.

III. MOTION FOR ATTORNEYS' FEES, LITIGATION COSTS, AND PLAINTIFF'S SERVICE AWARD

Class Counsel seeks a fee and costs award of $260,000.00. Class Counsel provides a lodestar figure of $308,049.50, based on 398.5 hours of work at billings rates ranging from $650 to $875 per hour, resulting in a negative multiplier of 0.84. This is below the range of multipliers that courts typically approve. (See *Wershba, supra*, 91 Cal.App.4th at p. 255 ["[m]ultipliers can range from 2 to 4 or even higher"]; *Vizcaino v. Microsoft Corp.* (9th Cir. 2002) 290 F.3d 1043, 1051, fn. 6 [stating that multipliers ranging from one to four are typical in common fund cases and citing the court's own survey of large settlements funding a range of 0.6-19.6, with most (20 to 24, or 83%) from 1.0-4.0 and a bare majority (13 of 24, or 54%) in the 1.5-3.0 range"].)

"While the percentage method has been generally approved in common fund cases, courts have sought to ensure the percentage fee is reasonable by refining the choice of a percentage or by checking the percentage result against the lodestar-multiplier calculation." (*Laffitte v. Robert Half Intern, Inc.* (2016) 1 Cal.5th 480, 495 (*Laffitte*).) Applying the latter approach,

> [T]he percentage-based fee will typically be larger than the lodestar based fee. Assuming that one expects rough parity between the results of the percentage method and the lodestar method, the difference between the two computed fees will be attributable solely to a multiplier that has yet to be applied. Stated another way, the ratio of the percentage-based fee to the lodestar-based fee implies a multiplier, and that implied multiplier can be evaluated for reasonableness. If the implied multiplier is reasonable, then the cross-check confirms the reasonableness of the percentage-based fee; if the implied multiplier is unreasonable, the court should revisit its assumptions.

(*Laffitte, supra,* 1 Cal.5th at p. 496, quoting Walker & Horwich, *The Ethical Imperative of a Lodestar Cross-check: Judicial Misgivings About "Reasonable Percentage" Fees in Common Fund Cases* (2005) 18 Geo. J. Legal Ethics 1453, 1463.) As described by the California Supreme Court, "[i]f the multiplier calculated by means of a lodestar crosscheck is extraordinarily high or low, the trial court should consider whether the percentage used should be adjusted so as to bring the imputed multiplier within a justifiable range, but the court is not necessarily required to make such an adjustment." (*Laffitte, supra,* 1 Cal.5th at 505.)

Here, the multiplier sought by Class Counsel is well below the range of what California courts typically award and it is supported by the percentage cross-check. As noted above, Class Counsel seeks a total amount of $260,000 for attorneys' fees *and* litigation costs. Class Counsel Fred Schwinn ("Schwinn") states the total litigation costs incurred in this action is $46,540.22. The amounts requested for attorneys' fees and costs is supported by Schwinn's declaration. For reasons stated above, the request for a total award of $260,000 is approved.

Lastly, Plaintiff requests a service award of $6,000.

> The rationale for making enhancement or incentive awards to named plaintiffs is that they should be compensated for the expense or risk they have incurred in conferring a benefit on other members of the class. An incentive award is appropriate if it is necessary to induce an individual to participate in the suit. Criteria courts may consider in determining whether to make an incentive award include: 1) the risk to the class representative in commencing suit, both financial and otherwise; 2) the notoriety and personal difficulties encountered by the class representative; 3) the amount of time and effort spent by the class representative; 4) the duration of the litigation and; 5) the personal benefit (or lack thereof) enjoyed by the class representative as a result of the litigation. These "incentive awards" to class representatives must not be disproportionate to the amount of time and energy expended in pursuit of the lawsuit.

(*Cellphone Termination Fee Cases* (2010) 186 Cal.App.4th 1380, 1394-1395, internal punctuation and citations omitted.) Incentive awards are particularly appropriate where a plaintiff

undertakes a significant reputational risk in bringing an action against an employer. (*Covillo v. Specialty's Café* (N.D. Cal. 2014) 2014 U.S.Dist.LEXIS 29837, at *29.)

Plaintiff submitted a declaration in support of her request. Although Plaintiff fails to provide an estimate of the hours spent on this litigation, she states she has participated in it through the seven years it has been ongoing. (Plaintiff's Declaration ("Decl."), ¶ 9.) She further states her conduct in this action includes communication with counsel; reviewing and approving documents; preparing for and attending her deposition in 2020; and preparing for and attending mediation. (Plaintiff's Decl., ¶¶ 9-11.) She also states that she willingly participated in this action without any guarantee of personal benefit. (Plaintiff's Decl., ¶ 12.) The Court finds Plaintiff is entitled to a service award and the amount requested is reasonable. Thus, Plaintiff's request for a service award in the amount of $6,000 is approved.

IV. CONCLUSION

In accordance with the above, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

The parties' motion for final approval is GRANTED; and Plaintiff's motion for attorneys' fees, costs, and a service award is GRANTED.

Judgment will be entered through the filing of this order and judgment. (Code Civ. Proc., § 668.5.) Plaintiff and the members of the Class will take from the operative complaint only the relief set forth in the settlement agreement and this order and judgment. Pursuant to Rule 3.769(h) of the California Rules of Court, the Court will retain jurisdiction over the parties to enforce the terms of the settlement agreement and the final order and judgment.

The Court sets a compliance hearing for **April 1, 2027 at 2:30 P.M.** in Department 22. At least ten court days before the hearing, Class Counsel and the settlement administrator shall submit a summary accounting of the net settlement fund identifying distributions made as ordered herein; the number and value of any uncashed checks; amounts remitted pursuant to Code of Civil Procedure section 384, subdivision (b); the status of any unresolved issues; and any other matters appropriate to bring to the Court's attention. Counsel shall also submit an

amended judgment as described in Code of Civil Procedure section 384, subdivision (b).

Counsel may appear at the compliance hearing remotely.

IT IS SO ORDERED.

Date: 7/23/26

BETH MCGOWEN
Judge of the Superior Court