

**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 PLAINTIFF'S
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

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 the parties' joint motion for preliminary approval. As discussed below, the Court GRANTS the motion.

I. BACKGROUND

According to the allegations of the operative first amended complaint ("FAC"), Plaintiff Peggy Irene Leedeman 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.)

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

8 Based on the foregoing allegations, Plaintiff initiated this action with the filing of the
9 complaint asserting a single cause of action under the California Fair Debt Buying Practices Act
10 ("CFDBPA"), Civil Code sections 1788.50-1788.64. On February 25, 2021, Plaintiff filed her
11 FAC, which asserts the same claim.

12 The parties now seek an order: preliminarily approving the class action settlement (the
13 "Settlement"); granting approval of the form and method of the long form notice and the short
14 form notice/post card; establishing deadline for the Settlement Administrator to distribute the
15 class notice and for class members to respond; scheduling a final approval motion and setting
16 filing deadlines; granting approval of the parties' chosen Settlement Administrator; staying all
17 proceedings in this action pending final approval; and granting such other and further relief as
18 the Court deems just and proper.

19 **II. LEGAL STANDARD FOR SETTLEMENT APPROVAL OF A CLASS ACTION**

20 Generally, "questions whether a [class action] settlement was fair and reasonable,
21 whether notice to the class was adequate, whether certification of the class was proper, and
22 whether the attorney fee award was proper are matters addressed to the trial court's broad
23 discretion." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th 224, 234-235 (*Wershba*),
24 disapproved of on other grounds by *Hernandez v. Restoration Hardware, Inc.* (2018) 4 Cal.5th
25 260.)

26 In determining whether a class settlement is fair, adequate and reasonable, the
27 trial court should consider relevant factors, such as the strength of plaintiffs' case,
28 the risk, expense, complexity and likely duration of further litigation, the risk of

1 maintaining class action status through trial, the amount offered in settlement, the
2 extent of discovery completed and the stage of the proceedings, the experience
3 and views of counsel, the presence of a governmental participant, and the reaction
4 of the class members to the proposed settlement.

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

6 In general, the most important factor is the strength of the plaintiffs’ case on the merits,
7 balanced against the amount offered in settlement. (See *Kullar v. Foot Locker Retail, Inc.* (2008)
8 168 Cal.App.4th 116, 130 (*Kullar*).) But the trial court is free to engage in a balancing and
9 weighing of relevant factors, depending on the circumstances of each case. (*Wershba, supra*, 91
10 Cal.App.4th at p. 245.) The trial court must examine the “proposed settlement agreement to the
11 extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or
12 overreaching by, or collusion between, the negotiating parties, and that the settlement, taken as a
13 whole, is fair, reasonable and adequate to all concerned.” (*Ibid.*, citation and internal quotation
14 marks omitted.) The trial court also must independently confirm that “the consideration being
15 received for the release of the class members’ claims is reasonable in light of the strengths and
16 weaknesses of the claims and the risks of the particular litigation.” (*Kullar, supra*, 168
17 Cal.App.4th at p. 129.) Of course, before performing its analysis the trial court must be
18 “provided with basic information about the nature and magnitude of the claims in question and
19 the basis for concluding that the consideration being paid for the release of those claims
20 represents a reasonable compromise.” (*Id.* at pp. 130, 133.)

21 **III. SETTLEMENT PROCESS**

22 On September 12, 2019, Plaintiff initiated this Action the filing of the complaint asserting
23 a single cause of action under the CFDBPA and on February 25, 2021, Plaintiff filed her FAC,
24 which asserts the same claim. The parties have exchanged extensive discovery and motion work
25 including multiple rounds of written discovery, several informal discovery conferences,
26 Plaintiff’s class certification motion, a summary judgment motion, and other litigation activity.

27 On August 22, 2022, the Court issued its order which granted Plaintiff’s motion for class
28 certification, denied MCM’s motion for summary judgment, and denied MCM’s motion to strike

1 Plaintiff's expert's declarations as moot. Accordingly, on September 21, 2023, members of the
2 Class were sent legal notice postcards. The parties engaged in settlement negotiations and two
3 mediations before Honorable Roert D. McGuiness (Ret.). The parties reached a settlement in
4 principle and memorialized the Settlement, which the parties fully executed on September 22,
5 2025.

6 **IV. SETTLEMENT PROVISIONS**

7 The non-reversionary gross settlement amount is 671,000. Attorneys' fees and costs not
8 to exceed \$260,000 and administration costs not to exceed \$87,000. Plaintiff will seek a service
9 award of \$6,000. The net settlement amount is \$318,000 will be allocated to members of the
10 Class who are defined as "[a]ll persons with addresses in California to whom MIDLAND
11 CREDIT MANAGEMENT, INC., sent or caused to be sent, an initial written communication in
12 the form of Exhibits "1" and "2" to the First Amended Class Action Complaint for Statutory
13 Damages herein an attempt to collect a charged-off consumer debt originally owed to Capital
14 One Bank (USA), N.A. which was sold or resold to MIDLAND CREDIT MANAGEMENT,
15 INC., on or after January 1, 2014, which were not returned as undeliverable by the U.S. Post
16 Office during the period one year prior to the date of filing this action through the date of class
17 certification." Funds associated with checks uncashed after 90 days will be transmitted to East
18 Bay Community Law Center in Berkley, Housing and Economic Rights Advocates in Oakland;
19 and Community Legal Services in East Palo Alto, as equal cy pres recipients.

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

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

27 The foregoing release is appropriately tailored to the allegations at issue. (See *Amaro v.*
28 *Anaheim Arena Management, LLC* (2021) 69 Cal.App.5th 521, 537.)

1 **V. FAIRNESS OF SETTLEMENT**

2 The parties assert the settlement is the product of lengthy arm's-length negotiations. The
3 parties state settlement was reached only after an extensive exchange of information. Plaintiff
4 believes the claims in this action present a reasonable probability of a favorable determination on
5 behalf of the Class but acknowledges that settling this case avoids significant litigation risk.
6 Defendant disputes Plaintiff's claims and believes it would have prevailed at trial and any
7 subsequent appeal.

8 Overall, the Court finds the Settlement is fair and reasonable. It provides for some
9 recovery for each Class member and eliminates the risk and expense of further litigation.

10 **VI. NOTICE**

11 The content of a class notice is subject to court approval. (Cal. Rules of Court, rule
12 3.769(f).) "The notice must contain an explanation of the proposed settlement and procedures
13 for class members to follow in filing written objections to it and in arranging to appear at the
14 settlement hearing and state any objections to the proposed settlement." (*Ibid.*) In determining
15 the manner of the notice, the court must consider: "(1) The interests of the class; (2) The type of
16 relief requested; (3) The stake of the individual class members; (4) The cost of notifying class
17 members; (5) The resources of the parties; (6) The possible prejudice to class members who do
18 not receive notice; and (7) The res judicata effect on class members." (Cal. Rules of Court, rule
19 3.766(e).)

20 Here, the notice will be posted online and mailed in short form/as a post card, which will
21 contain information as well as a link to the long form of the notice posted online. It will be
22 provided in English, inform the Class Members of the nature of the lawsuit and their rights under
23 the terms of the Settlement and applicable law. It includes: a detailed explanation of the case,
24 including the basic contentions or denials of the Parties and the basic terms of the Settlement; a
25 statement that the court will exclude the member from the class if they request so by a specified
26 date; a procedure for the member to follow in requesting exclusions from the class; an
27 explanation that members of the Class can participate in the Settlement by doing nothing; a
28 statement that the judgment, whether favorable or not, will bind all members who do not request

1 exclusion; and a statement that any member who does not request exclusion may, if the member
2 so desires, enter an appearance through counsel. Class Members are given 60 days to object.

3 The form of notice is generally adequate but must be modified to instruct Class Members
4 that they may opt out of or object to the settlement simply by providing their name, without the
5 need to provide their phone number or other personal information.

6 Regarding appearances at the final fairness hearing, the notice shall be modified to
7 instruct class members as follows:

8 Although class members may appear in person, the judge overseeing this case
9 encourages remote appearances. Class members who wish to appear remotely
10 should contact class counsel at least three days before the hearing if possible.

11 Remote appearances must be made through UDC, unless otherwise arranged with
12 the Court. Please go to [https://santaclara.courts.ca.gov/online-services/remote-](https://santaclara.courts.ca.gov/online-services/remote-hearings)
13 [hearings](https://santaclara.courts.ca.gov/online-services/remote-hearings) to find the appropriate link. Also, please note that that you must register
14 in advance to appear remotely.

15 Turning to the notice procedure, as articulated above, the parties have selected CPT
16 Group, Inc. ("CPT") as the Settlement administrator. No later than thirty (30) days after
17 preliminary approval, CPT will mail the notice packet updating Class members' addresses using
18 the National Change of Address Database. Any returned notices will be re-mailed to any
19 forwarding address provided. These notice procedures are appropriate and are approved.

20 **VII. SERVICE AWARD, ATTORNEYS FEES, AND COSTS**

21 Plaintiff requests a service award not to exceed \$6,000. Prior to the final approval
22 hearing, Plaintiff shall submit a declaration detailing her efforts in this matter, including the
23 amount of time spent.

24 The court also has an independent right and responsibility to review the requested
25 attorney fees and only award so much as it determines reasonable. (See *Garabedian v. Los*
26 *Angeles Cellular Telephone Co.* (2004) 118 Cal.App.4th 123, 127-128.) Plaintiff's counsel will
27 seek attorney fees and costs of up to \$260,000). Prior to any final approval hearing, Plaintiff's
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1 counsel shall submit lodestar information (including hourly rate and hours worked) as well as
2 evidence of actual litigation costs incurred.

3 **VIII. CONCLUSION**

4 The parties' motion for preliminary approval is GRANTED.

5 The final approval hearing shall take place on July 23, 2026 at 1:30 in Department 22.

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8 **IT IS SO ORDERED.**

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10 Date: 1/22/24

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12 BETH MCGOWEN
13 Judge of the Superior Court
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