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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 8:18-cv-02085-SB (DFMx)

MICHELL T. FRANKLIN, KARA
SAMPSON, CYBELE A. MUNSON,
on behalf of themselves and all persons
similarly situated,

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

Plaintiffs,

v.

MIDWEST RECOVERY SYSTEMS,
LLC., COOPER FINANCIAL, LLC
PREVIOUSLY SUED AS DOE NO. 1,
MARK GRAY PREVIOUSLY SUED
AS DOE NO. 2, NATIONAL CREDIT
ADJUSTERS, LLC PREVIOUSLY
SUED AS DOE NO. 3, DEBT
MANAGEMENT, LLC
PREVIOUSLY SUED AS DOE NO. 4,
AND DOES 5 THROUGH 100
INCLUSIVE,

Defendants.

1 The Court previously entered an Order Granting in Part and Denying in Part
2 Plaintiffs’ Motion for Class Certification. ([Order](#), Dkt. No. 104). The Court denied
3 certification of Plaintiffs’ proposed “Main Class” but granted certification as to
4 Plaintiffs’ proposed “Restitution Subclass.”

5 Plaintiffs Kara Sampson and Cybele Munson and Defendants Midwest
6 Recovery Systems, LLC, Kenny Conway, Joseph Smith, and Brandon Tumber have
7 reached a proposed settlement of the Restitution Subclass’ claims. Plaintiffs move for
8 preliminary approval of the proposed settlement pursuant to Federal Rule of Civil
9 Procedure 23(e)(1)(A). The terms of the settlement are set forth in the Class Action
10 Settlement Agreement and Release (“Agreement” or “Settlement Agreement”)
11 attached as Exhibit A to the Declaration of Jeffrey Wilens in support of Plaintiffs’
12 motion. ([Agreement](#), Dkt. No. 116-2.)

13 The Court has read and considered the Settlement Agreement, the exhibits
14 attached thereto, and the briefing submitted in support of Plaintiffs’ motion and is
15 fully advised. All capitalized terms not otherwise defined in this Order shall have the
16 same meaning as defined in the Settlement Agreement.

17 THEREFORE, THE COURT FINDS AND CONCLUDES AS FOLLOWS:

- 18 1. This Court has jurisdiction over the subject matter of this Action and
19 personal jurisdiction over the Parties and the Class Members.
- 20 2. The Court finds that the Settlement Agreement resulted from extensive
21 arm’s-length negotiations. The parties expended several hundred hours litigating this
22 case, including significant discovery and motion practice. The parties engaged a
23 third-party neutral to mediate the case, but were unable to reach a resolution. The
24 parties were able to reach a settlement after renewed efforts after the Court’s ruling on
25 class certification. ([Mot.](#) at 14-15, Dkt. No. 116.) The Court has reviewed the
26 Agreement and finds no obvious deficiencies. While Plaintiffs’ counsel seeks an
27 award of fees that exceeds the 25% benchmark, it is possible that an award higher than
28 that amount is appropriate given the significant number of hours dedicated to this

1 case. The Court will conduct a closer inspection at the final review stage. (Mot. at
2 15-19.)

3 3. The Court previously certified a Restitution Subclass defined as “[a]ll
4 members of the Main Class who paid money to Defendant Midwest after Midwest
5 furnished the SUBJECT LOAN DEBT INFORMATION to consumer reporting
6 agencies.” (Order, Dkt. No. 104).

7 4. Plaintiffs have requested that the “Restitution Subclass” be redefined for
8 purposes of settlement only to the following:

9 All California residents who paid money to Defendant Midwest for the
10 SUBJECT LOAN DEBT after Midwest furnished information to credit
11 reporting agencies regarding the SUBJECT LOAN DEBT.

12 For purposes of this definition, “SUBJECT LOAN DEBT” means debt
13 that was allegedly owed to any of the following original creditors: VIP
14 PDL Services, LLC a/k/a VIP Loan Shop; SCS Processing, LLC, a/k/a
15 Everest Cash Advance; Action PDL Services, LLC, a/k/a Action Payday;
16 BD PDL Services, LLC, a/k/a Bottom Dollar Payday, Integrity PDL
17 Services, LLC, a/k/a Integrity Payday Loans, a/k/a IPL Today; My Quick
18 Funds d/b/a Sierra Financial, LLC; Fast EFunds a/k/a FastEFunds.com.

18 5. The modification was requested to remove the reference to the “Main
19 Class” and to provide compensation to additional individuals not included in the
20 previous definition of “Restitution Subclass.”

21 6. The Court finds good cause to grant Plaintiffs’ request and will
22 provisionally modify and certify the “Restitution Subclass” as set forth in Paragraph 4
23 above for settlement purposes only. Hereafter, and in the Settlement Agreement,
24 members of the “Restitution Subclass” are “Class Members.”

25 7. For settlement purposes only, the Court appoints Plaintiffs Kara Sampson
26 and Cybele Munson as Class Representatives.

27 8. The Court preliminarily finds that the Settlement Agreement is
28 fundamentally fair, adequate, and reasonable.

1 9. The Court appoints CPT Group of Irvine as the Class Administrator, who
2 shall fulfill the functions, duties, and responsibilities of the Class Administrator as set
3 forth in the Agreement and this Order.

4 10. The Court approves the proposed forms of notice and plan for giving
5 direct notice to Class Members by U.S. Mail as set forth in the Settlement Agreement
6 and its attached exhibits (“Notice Plan”). The Notice Plan, in form, method, and
7 content, fully complies with the requirements of Rule 23 and due process, constitutes
8 the best notice practicable under the circumstances, and is due and sufficient notice to
9 all persons entitled thereto. The Court finds that the Notice Plan is reasonably
10 calculated to, under all circumstances, reasonably apprise the Class Members of the
11 pendency of this action, the terms of the Settlement Agreement, right to object to the
12 Settlement, and how to exclude themselves from the Settlement Class.

13 11. Pursuant to the Settlement Agreement, the Class Administrator shall
14 provide individual notice via U.S. Mail to the most recent address for each Class
15 Member reflected in the records produced by Defendants, as updated by the Class
16 Administrator through the National Change of Address system or a comparable
17 system, no later than **JUNE 21, 2021** (the “Notice Deadline”), which is thirty (30)
18 days following entry of this Order. The Class Administrator shall establish a
19 Settlement Website within fourteen (14) days following entry of this Order.

20 12. Class Members may exclude themselves from the Settlement Class by
21 mailing to the Class Administrator a written request no later than **AUGUST 20, 2021**
22 (“Opt-Out Deadline”), which is sixty (60) days after the Notice Deadline. All requests
23 must be signed, and if mailed, must be postmarked no later than the Opt-Out
24 Deadline.

25 13. Any Settlement Class Member who desires to object to the fairness of
26 this Settlement must file a written objection with the Court by **AUGUST 20, 2021**
27 (“Objection Deadline”), which is sixty (60) days after the Notice Deadline. The
28 objection must provide:

- 1 a. The name, address, telephone number, and email address of the
- 2 person objecting, and if represented by counsel, of his/her counsel;
- 3 b. Specify, in writing, all objections;
- 4 c. A statement of his/her membership in the Class; and
- 5 d. A detailed list of any other objections submitted by the Settlement
- 6 Class Member, and/or his/her counsel, to any class actions in any
- 7 court, whether state or otherwise, in the United States in the previous
- 8 five (5) years. If the Settlement Class Member or his/her counsel has
- 9 not objected to any other class action settlement in any court in the
- 10 United States in the previous five (5) years, he/she shall affirmatively
- 11 state so in the written materials in connection with the objection to
- 12 this Settlement.

13 14. Anyone who properly objects, as described herein, may appear at the
14 Final Approval Hearing, including through an attorney hired at the objector's expense.
15 Such objectors or their attorneys intending to appear at the Final Approval Hearing
16 must file a notice of appearance with this Court no later than ten (10) days prior to the
17 Final Approval Hearing. Any member of the Class who fails to comply with the
18 provisions herein shall waive and forfeit any and all rights to appear and/or object
19 separately and shall be bound by the terms of this Settlement and the orders and
20 judgments of this Court. Class Counsel shall file responses to any valid objections no
21 later than fourteen (14) days prior to the Final Approval Hearing. Defendants'
22 counsel also may file responses, but no later than fourteen (14) days prior to the Final
23 Approval Hearing.

24 15. Pursuant to Rule 23(e)(2) of the Federal Rules of Civil Procedure, a
25 hearing will be held before this Court to determine whether the settlement is fair,
26 reasonable, and adequate, and should be approved by this Court; to determine whether
27 the Final Approval Order and Final Judgment under this settlement should be entered;
28 to consider the application for attorneys' fees and expenses of Class Counsel; to

1 consider the application for a service award to Plaintiffs; to consider the distribution
2 of the Settlement Fund pursuant to the Settlement Agreement; and to rule on any other
3 matters that the Court may deem appropriate. At the Final Approval Hearing, the
4 Court may enter the Final Approval Order and Final Judgment in accordance with the
5 Settlement Agreement that will adjudicate the rights of the Settlement Class Members.

6 16. The Final Approval Hearing is scheduled for **SEPTEMBER 24, 2021**
7 **AT 8:30 A.M.** before the Honorable Stanley Blumenfeld, Jr. at the United States
8 District Court for the Central District of California, U.S. Courthouse, 350 West 1st
9 Street, Los Angeles, California 90012, Courtroom 6C. The Court may change the
10 date for the Final Approval Hearing. If the Court changes the hearing date, notice of
11 such change shall be posted on the Settlement Website.

12 17. All memoranda and other submissions in support of the Final Approval
13 Order and Final Judgment and this Settlement shall be filed no later than fourteen (14)
14 days prior to the Final Approval Hearing.

15 18. All notice and settlement administration expenses shall be paid from the
16 Settlement Fund pursuant to the Agreement.

17 19. On or before thirty (30) days after the Notice Deadline, Class Counsel
18 shall file and serve an application for an award of attorneys' fees and out-of-pocket
19 costs, and an application for service awards to Plaintiffs. The application shall be
20 posted on the Settlement Website within one business day after it is filed.

21 20. All members of the Class will be bound by all orders pertaining to the
22 settlement unless such person(s) request exclusion from the Class. Settlement Class
23 Members who do not timely and validly request exclusion shall be so bound, even if
24 they have previously or subsequently initiated individual litigation or other
25 proceedings against the Released Parties relating to the Released Claims.

26 21. Pending entry of the Final Approval Order, Plaintiffs and Class Members
27 (except those who opt-out) are barred and enjoined from commencing, prosecuting,
28 instigating, or in any way participating in the commencement or prosecution of any

1 action asserting any Released Claims, either directly, representatively, derivatively, or
2 in any capacity, against Released Parties.

3 22. Class Members do not need to appear at the Final Approval Hearing or
4 take any other action to indicate their approval and partake in the settlement.

5 23. This Order and the Settlement are not admissions or concessions by
6 Defendants of any liability or wrongdoing. This Order is not a determination of
7 liability or wrongdoing. This Order does not constitute any opinion or position of this
8 Court as to the merits of the claims and defenses related to this Action.

9 24. This Action is stayed until further ordered by this Court, except such
10 actions and proceedings that may be necessary to implement this Settlement and
11 Order.

12 25. If Final Approval does not occur, the parties shall be returned to the
13 status quo ex ante, for all litigation purposes, as if no settlement had been negotiated
14 or entered into and thus this Order and all other findings or stipulations regarding the
15 settlement shall be automatically void, vacated, and treated as if never filed.

16 26. Counsel for the parties are hereby authorized to utilize all reasonable
17 procedures in connection with the administration of the settlement which are not
18 materially inconsistent with either this Order or the terms of the Settlement
19 Agreement.

20 27. This Court retains jurisdiction to consider all further matters arising out
21 of or connected with the settlement. The Court reserves the right to adjourn or
22 continue the date of the Final Approval Hearing without further notice to Settlement
23 Class Members. The Court may approve or modify the settlement without further
24 notice to Class Members.

25 28. The following timeline will govern proceedings through the Final
26 Approval Hearing:
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DEADLINE	EVENT
JUNE 21, 2021 (Thirty days after entry of this Order)	Deadline to mail notice
JUNE 4, 2021 (Fourteen days after entry of this Order)	Deadline to make the settlement website available
JULY 21, 2021 (Thirty days after Notice Deadline)	Deadline for Class Counsel to file their motion for attorneys' fees, costs, and service awards for the class representatives
AUGUST 20, 2021 (Sixty days after Notice Deadline)	Deadline for Class Members to submit exclusion requests or objections
SEPTEMBER 10, 2021 (Fourteen days before Final Approval Hearing)	Deadline to file responses to objections and motion for final approval
SEPTEMBER 24, 2021 (At the Court's convenience but no earlier than 120 days after entry of this order)	Final Approval Hearing



Dated: May 21, 2021

STANLEY BLUMENFELD, JR.
UNITED STATES DISTRICT JUDGE