

SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF KING

DANA SYRIA,

Plaintiff,

v.

TRANSWORLD SYSTEMS INC.,

Defendant.

No. 18-2-57761-6 SEA

CLASS ACTION SETTLEMENT
AGREEMENT

This Class Action Settlement Agreement, dated February 18, 2019 (the “Agreement”), is made and entered into by and between the following parties, as those terms are defined herein: (i) plaintiff, Dana Syria (“Plaintiff”), on behalf of herself and each of the settlement class members, by and through Plaintiff’s counsel; and (ii) defendant, Transworld Systems Inc. (“TSI”), by and through its counsel of record in this lawsuit. This Agreement is intended by the parties to fully, finally, and forever resolve, discharge, and settle all released rights and claims, as set forth below, subject to the terms and conditions set forth herein.

RECITALS

1. **Parties.** Plaintiff, individually, and as representative of the classes of persons defined below in ¶ 8 (the “Settlement Classes”), and TSI enter into this Agreement as to the claims of Plaintiff and the Settlement Classes arising from TSI’s collection of debts alleged in Plaintiff’s Class Action Complaint in this lawsuit. Plaintiff and TSI are collectively referred to hereinafter as the “Parties.”

2. **Nature of the Lawsuit.** On August 25, 2015, Plaintiff, individually and on

behalf of a purported class, filed a lawsuit in the Superior Court for the State of Washington, King County captioned *Dana Syria v. AllianceOne Receivables Management, Inc., and Transworld Systems, Inc.*, Case No. 15-2-20861-6 SEA (the "Lawsuit"). On June 13, 2016, Plaintiff filed an Amended Complaint against the defendants alleging violations, individually and on behalf of purported classes, of the Washington Collection Agency Act ("WCAA"), RCW 19.16, *et seq.*, and the Washington Consumer Protection Act ("WCPA"), RCW 19.86, *et seq.* Plaintiff alleges TSI: (a) improperly compounded interest for debtors of Washington State Courts; and (b) improperly calculated its collection fee. On or about July 21, 2017, following a mediation, the Parties reached a tentative class settlement, the terms of which are memorialized herein, and subject to court approval.

After reaching the settlement in principle, co-defendant AllianceOne removed the case from the Superior Court for King County, Washington to the United States District Court for the Western District of Washington. The Parties unsuccessfully sought to have the case and/or Plaintiff's claims against TSI remanded to King County Superior Court. The United States District Court entered summary judgment in favor of AllianceOne on July 20, 2018. Plaintiff timely appealed that judgment. The Parties then stipulated to dismissal without prejudice of the remaining case against TSI, expressly reserving Plaintiff's right to refile her claims in Superior Court, her originally chosen forum. Consistent with that reservation, Plaintiff filed a new Class Action Complaint in this matter on December 20, 2018.

3. **Denial of Liability.** By entering into this Agreement, TSI does not admit that it is liable to Plaintiff or the Settlement Classes, nor does TSI concede that, absent a settlement, Plaintiff's Lawsuit may properly be maintained as a class action under the Washington Rules of Civil Procedure. TSI desires to settle the claims brought solely to avoid the expense, burden, and uncertainty of further litigation, and to put to rest all claims which have or could have been

asserted by Plaintiff against TSI in the litigation. TSI denies all liability to Plaintiff and the Settlement Classes.

4. **Plaintiff Understands the Settlement.** Plaintiff, individually and on behalf of the Settlement Classes, desires to settle her claims against TSI, having taken into account through Plaintiff's counsel the risks, delay, and difficulties involved in establishing a right to recovery in excess of that offered by this settlement and the likelihood that the Lawsuit will be further protracted and expensive.

5. **Settlement in Best Interest of Class Members.** Plaintiff's counsel has conducted an extensive investigation of the facts and applicable law, including, but not limited to, obtaining discovery on issues pertaining to class size and damages. Based on the foregoing, and upon an analysis of the benefits afforded by this Agreement, Plaintiff's counsel considers it to be in the best interest of the Settlement Classes to enter into this Agreement.

6. **Parties Agree to Settle.** In consideration of the foregoing and other valuable consideration, Plaintiff, Plaintiff's counsel, and TSI collectively agree to settle the claims of the Plaintiff and the Settlement Classes arising from TSI's collection of debts as alleged in Plaintiff's Complaint in the Lawsuit, subject to the Court's approval, on the following terms and conditions.

TERMS

7. **Effective Date.** This Agreement shall become effective (hereinafter the "Effective Date") upon the occurrence of the following events: (1) the Court enters a Final Approval Order which: (a) approves this Agreement as fair, reasonable, and adequate to the Settlement Classes; (b) finds that this Agreement is fair and made in good faith; and (c) dismisses the claims alleged by Plaintiff and the Settlement Classes against TSI in the Class Action Complaint in this matter; and (2) (a) if no objections are filed, the expiration of 33 days after the Court's entry of the Final Approval Order; (b) if any objections are filed, the expiration

of 3 business days after the time in which to appeal the Final Approval Order has passed without any appeal having been filed (which date shall be deemed to be 33 days following the entry of the Final Approval Order, unless the date to take such an appeal shall have been extended by Court order or otherwise, or unless the 33rd day falls on a weekend or a Court holiday, in which case the date for purposes of this Agreement shall be deemed to be the next business day after such 33rd day); or (c) if such motion to alter or amend is filed, or if an appeal is taken, 3 business days after a determination of any such motion or appeal that permits the consummation of the settlement in substantial accordance with the terms and conditions of this Agreement.

8. **Certification of Settlement Classes.** The Settlement Classes are composed of all individuals who had a monetary obligation imposed by a Washington State Court that was subsequently placed with TSI for collection; and who were assessed interest on a compounding basis and/or allegedly assessed a collection fee not specifically authorized from June 15, 2012 to November 1, 2016. The Paid-in-Full Class, which will be certified under CR 23(b)(3), comprises those individuals who have paid their underlying debt in-full. The No-Pay or Partial-Pay Class, which will be certified under CR 23(b)(2), comprises those individuals who have not paid any part of, or only some but not all of, their underlying debt.

9. **Class Size.** There are approximately 63,956 Paid-in-Full Class Members, and an additional number of No-Pay or Partial-Pay Class Members. The Paid-in-Full Class Members can be further broken down as follows:

(a) **King County District Court Interest *or* Collection Fee** – Paid-in-Full Class Members who were assessed interest on a compounding basis *or* assessed a collection fee allegedly not specifically authorized on debts owed to King County District Court: approximately 16,780 individuals.

(b) **King County District Court Interest *and* Collection Fee** – Paid-in-Full Class Members

who were assessed interest on a compounding basis *and* assessed a collection fee allegedly not specifically authorized on debts owed to King County District Court: approximately 13,212 individuals.

(c) Tacoma Municipal Court Collection Fee – Paid-in-Full Class Members who were assessed a collection fee allegedly not specifically authorized on debts owed to Tacoma Municipal Court: approximately 33,964 individuals.

(d) Class lists will be prepared and preserved and conveyed by TSI to the third-party settlement administrator within 10 days of entry of the Preliminary Approval Order.

10. Class Notice. Upon entry of the Preliminary Approval Order, Notice of the Class Action Settlement will be provided as follows:

A. Direct Mail. A third-party settlement administrator shall cause notice to be mailed to the Paid-in-Full Class Members within thirty (30) days after entry of the Preliminary Approval Order in the form and substance set forth in Exhibits 1 & 2. Prior to mailing the Notice, the third-party administrator shall obtain current addresses for such class members by running their addresses through the National Change of Address database. In the event that a Notice is returned as undeliverable and a forwarding address is provided, the Notice shall be sent to the forwarding address as soon as practicable. A Claim Form in the substance set forth in Exhibits 1& 2 shall accompany the Notice.

B. Website Notice. The third-party settlement administrator shall cause notice in the form and substance set forth in Exhibit 3 to be posted on a website specific to the settlement, along with copies of the claim form, the request for exclusion form, this settlement agreement, the Preliminary Approval Order, class counsel's petition for fees and costs, and any other documents agreed on by the parties or ordered by the Court. The

URL for the website shall be included in the mailed notice set forth in Exhibits 1 & 2.

C. No Individual Notice. Individual notice shall not be provided to the No-Pay or Partial-Pay Class Members, who shall be afforded only equitable relief and will receive the benefits of the class settlement without having to take any action.

11. Opting-Out. Any member of the Paid-in-Full Class may seek to be excluded from the Settlement Class by opting-out within the time period set by the Court. A request for exclusion must be in writing and include the name of the case. The request must also include the name, address, phone number, and signature of the person seeking exclusion. The request must be mailed to the third-party administrator at the address provided in the Notices and settlement website and the envelope must be postmarked no later than such date set by the Court for opting-out. The parties agree to recommend the deadline be 75 days from the date of entry of the Preliminary Approval Order. A request for exclusion that does not include all the foregoing information, or that is sent to an address other than one designated in the Notices, or that is not received within the time specified shall be invalid and the person serving such request shall remain a Settlement Class member and shall be bound as a Settlement Class member to the Agreement, if approved. The third-party administrator shall forward copies of all requests for exclusion to Plaintiff's counsel and counsel for TSI no later than seven days after receipt. Any Settlement Class member who opts-out of the Settlement Class and the Agreement shall not be bound by any prior court order or the terms of the Agreement. TSI reserves the right to declare this Agreement null and void if more than 5% of Paid-in-Full Settlement Class members opt-out of the Agreement.

12. Objecting to the Settlement. Any Settlement Class member may object to this Agreement by sending said objection to the Clerk of the Court and serving copies of the

objection on Plaintiff's counsel and TSI's counsel within the time period set by the Court. The parties agree to recommend the deadline be 75 days from the date of entry of the Preliminary Approval Order. All objections must be in writing and personally signed by the Settlement Class member and include: (1) the objector's name, address, and telephone number; (2) the name and number of the case; and (3) the factual basis and legal grounds for the objection to the Settlement. The written objection must indicate whether the Settlement Class member and/or his or her lawyer intends to appear at the Final Fairness Hearing. Any lawyer who intends to appear at the Final Fairness Hearing also must enter a written Notice of Appearance of Counsel with the Clerk of the Court no later than the last day of the exclusion/objection deadline set by the Court and shall include the full caption and case number of each previous class action case in which that lawyer has represented an objector.

13. **Claim Forms** – A Claim Form shall be mailed along with the Notice to each of the Paid-in-Full Class Members within thirty (30) days after entry of the Preliminary Approval Order in the form and substance set forth in **Exhibits 1& 2**. Upon proper completion and timely submission of a Claim Form, the Paid-in-Full Class Members shall be entitled to receive a settlement check as set forth below.

14. **Settlement Fund** – A Settlement Fund of \$1,700,000.00 (\$1.7 million) is created for the Paid-in-Full Settlement Class. All settlement costs shall be paid out of the Settlement Fund. TSI shall *not* be responsible for any amounts in excess of \$1.7 million. If the total amount required to pay all Claims, Settlement Administration Expenses, any Fee Award to Class Counsel, and any incentive award to the Class Representative *exceeds* the amount in the Settlement Fund, then the amount of the settlement check to each Paid-in-Full Class Member shall be proportionally reduced.

15. **Relief to Plaintiff and the Settlement Classes.** In exchange for the release set

forth herein, TSI agrees to the following:

- (a) King County District Court Interest *or* Collection Fee – The Paid-in-Full Class Members with claims arising from debts to King County District Court who were assessed interest on a compounding basis *or* assessed a collection fee allegedly not specifically authorized will receive a \$90 check, subject to the limitation in Paragraph 15.
- (b) King County District Court Interest *and* Collection Fee – The Paid-in-Full Class Members with claims arising from debts to King County District Court who were assessed interest on a compounding basis *and* assessed a collection fee allegedly not specifically authorized will receive a \$180 check, subject to the limitation in Paragraph 15.
- (c) Tacoma Municipal Court Collection Fee – The Paid-in-Full Class Members with claims arising from debts to Tacoma Municipal Court who were assessed a collection fee allegedly not specifically authorized will receive a \$15 check, subject to the limitation in Paragraph 15.
- (d) No-Pay or Partial-Pay Class Members in King County District Court – To the extent possible, TSI will adjust the balances of the accounts for the No-Pay or Partial-Pay Subclass Members in King County District Court to remove any overcharges, and then apply an aggregate credit of \$1,250,000.00 (\$1.25 million) on the unpaid collection fees on the accounts.
- (e) Payment to Class Representative – Plaintiff, Dana Syria, will receive \$20,000.00 as an incentive award and for her service as the Class Representative, subject to Court approval.
- (f) Payment to Plaintiff's Counsel – Plaintiff's counsel shall petition the Court for

approval of an award of fees, costs, and expenses in an amount not to exceed \$510,000 (*i.e.*, 30% of the \$1.7 million Settlement Fund). TSI will not object to such petition and shall pay Plaintiff's counsel that amount which the Court deems reasonable, but not to exceed \$510,000 as attorneys' fees, costs, and expenses. Upon payment of the Court-approved amount to Plaintiff's counsel, TSI shall have no further obligation with respect to Plaintiff's counsel's fees, costs, and expenses, or the fees, costs, or expenses of any other attorney on behalf of the Plaintiff, or any Settlement Class member.

- (g) Payment of Administration Costs – The costs of administration of the class, including the costs of any third-party settlement administrator, shall be paid from the Settlement Fund.
- (h) Dates for Payment – TSI shall convey the Settlement Fund to the third-party administrator within 30 days of the Effective Date. The third-party administrator shall make all payments required under this paragraph 16 within 15 days of receiving the Settlement Fund from TSI.
- (i) Residual Funds – If any funds remain in the Settlement Fund after all Claims, Settlement Administration Expenses, Fee Award to Class Counsel, and incentive award to the Class Representative are paid, then, pursuant to CR 23(f), 50% of any residual will be disbursed to the Legal Foundation of Washington as a *cy pres* recipient to support activities and programs that promote access to the civil justice system for low income residents of Washington State; and the other 50% of any residual funds shall be returned to TSI.

16. **Release.** Upon the Effective Date, Plaintiff and Settlement Class members grant the following release:

Plaintiff Dana Syria including each and every one of her respective agents, representatives, attorneys, heirs, assigns, or any other person acting on her behalf or for their benefit (in their capacities as such), and any person claiming through them, along with each member of the Settlement Classes who does not opt-out of the Settlement Classes (collectively, "Releasers"), release TSI and its predecessors, successors, affiliates, assigns, agents, parents, subsidiaries, divisions, departments, insurers, attorneys, and any and all of their past, present, and future officers, directors, employees, stockholders, predecessors, successors, attorneys, subrogees (in their capacity as such) of any of the foregoing (collectively, "Released Parties"), of any and all claims of the Settlement Classes arising out of, or related to, the events, transactions, facts, and circumstances alleged in the Lawsuit.

17. The releases set forth herein are conditioned upon the Court's approval of the Agreement and TSI meeting its obligations herein. If this Agreement is not approved by the Court or for any reason does not become effective, it shall be deemed null and void and shall be without prejudice to the rights of the Parties hereto and shall not be used in any subsequent proceedings in this or any other Lawsuit, or in any manner whatsoever.

18. **Preliminary Approval.** As soon as practicable after execution of this Agreement, the Parties shall make application to the Court for the Preliminary Approval Order, attached as **Exhibit 3**, which:

- (a) Preliminarily approves this Agreement;
- (b) Certifies the Settlement Classes set forth herein;
- (c) Appoints SCHROETER GOLDMARK & BENDER and ANDERSON SANTIAGO, PLLC as Class Counsel;
- (d) Appoints Plaintiff Dana Syria as representative of the Settlement Classes;

- (e) Sets deadlines to opt-out, or to object, and to return a claim form;
- (f) Schedules a hearing for final approval of this Agreement;
- (g) Approves the Notices and Claim Forms, attached as **Exhibits 1, 2 and 3**;

19. **Final approval.** At the conclusion of, or as soon as practicable after, the hearing on the fairness, reasonableness, and adequacy of this Agreement, and the expiration of at least ninety (90) days from the date notice is provided, Plaintiff and Plaintiff's counsel shall, on consent of TSI and its counsel, request that the Court enter a Final Order, attached as **Exhibit 4**:

- (a) Approving the terms of this Agreement as fair, reasonable, and adequate;
- (b) Providing for the implementation of the settlement's terms and provisions;
- (c) Certifying the Settlement Classes for settlement purposes;
- (d) Finding that the notice given to the Settlement Classes satisfies the requirements of due process, Civil Rule 23, the United States and Washington State Constitutions, and any other applicable laws; and
- (e) Dismissing the claims of Plaintiff and the Settlement Classes against TSI alleged in the Class Action Complaint with prejudice.

20. **Miscellaneous Provisions.** The Parties and their attorneys agree to fully cooperate with one another in seeking approval of this Agreement and to use their best efforts to affect the consummation of this Agreement and settlement provided for herein prior to the fairness hearing.

21. The foregoing constitutes the entire agreement between the Parties regarding the subject matter hereof and may not be modified or amended except in writing, signed by all Parties hereto, and approved by the Court. Each of the parties hereto has jointly participated in the negotiation and drafting of this Agreement. In the event an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by each of the

parties hereto and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any provisions of this Agreement.

22. This Agreement may be executed in multiple counterparts; in which case, the various counterparts shall constitute one instrument for all purposes. The several signature pages may be collected and annexed to one or more documents to form a complete counterpart. Photocopies of executed copies of this Agreement may be treated as originals.

23. Each and every term of this Agreement shall be binding upon and inure to the benefit of the Plaintiff, the Settlement Class, and any of their successors and personal representatives, and shall bind and shall inure to the benefit of the Released Parties, all of which persons and entities are intended to be beneficiaries of this Agreement.

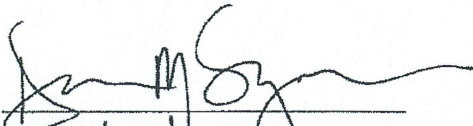
24. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Washington.


25. The Parties have relied upon the advice and representation of counsel, selected by them, concerning their respective legal liability for the claims hereby released. The Parties have read and understand fully the above and foregoing agreement and have been fully advised as to the legal effect thereof by counsel of their own selection and intend to be legally bound by the same.

IN WITNESS WHEREOF, the Parties hereto, acting by and through their respective counsel of record, have so agreed.

Plaintiff, Dana Syria

Defendant, Transworld Systems Inc.

/s/ 
Date: 02/20/2019

/s/ 
By: Jonathan Thompson
Its: Chief Legal & Compliance Officer
Date: 2/28/2019

<p>AS TO FORM ONLY</p> <p>/s/  Adam J. Berger Lindsay L. Halm SCHROETER GOLDMARK & BENDER 810 Third Avenue, Suite 500 Seattle, Washington 98104 Telephone: (206) 622-8000 Email: berger@sgb-law.com halm@sgb-law.com</p> <p>/s/  Jason D. Anderson T. Tyler Santiago ANDERSON SANTIAGO, PLLC 787 Maynard Ave. S. Seattle, Washington 98104 Telephone: (206) 395-2665 Email: jason@alkc.net tyler@alkc.net</p> <p><i>Attorneys for Plaintiff, Dana Syria</i></p>	<p>AS TO FORM ONLY</p> <p>/s/  Damian Richard (WSBA No. 47837) SESSIONS, FISHMAN, NATHAN & ISRAEL, LLP 1545 Hotel Circle South, Suite 150 San Diego, CA 92108-3426 Tel: (619) 758-1891 Email: drichard@sessions.legal</p> <p>David Israel Bryan Shartle SESSIONS, FISHMAN, NATHAN & ISRAEL, LLP Lakeway Two, Ste. 200 3850 N. Causeway Blvd. Metairie, LA 70002-7227 Telephone: (504) 828-3700 E-mail: disrael@sessions.legal bshartle@sessions.legal</p> <p><i>Attorneys for Defendant, Transworld Systems Inc.</i></p>
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