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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 JOANNE FARRELL, et al.

12 Plaintiffs,

13 v.

14 BANK OF AMERICA, N.A.,

15 Defendant.
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Case No.: 3:16-cv-00492-L-WVG

**ORDER GRANTING (1) MOTION
[Doc. 104] FOR FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT AND (2) MOTION
[Doc. 80] FOR ATTORNEYS'
FEES, COSTS, AND CLASS
REPRESENTATIVE SERVICE
AWARDS**

18 Pending before the Court are Class Counsel's unopposed motions for final
19 approval of class action settlement and final approval of fees, costs, and service awards.
20 The Court has considered the motions on file, all timely objections, and oral argument
21 presented by Class Counsel, counsel for Defendant Bank of America ("BoA"), and
22 counsel for Objector Rachael Threatt at the final approval hearing held on June 18, 2018.
23 For the following reasons, the Court hereby **GRANTS** both motions.

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1 **I. PROCEDURAL BACKGROUND**

2 This case is a putative class action focused on BoA's practice of levying \$35 fees
3 against deposit account holders for failing to rectify an overdrawn deposit account within
4 five days. To open a deposit account with BoA, a customer had to first execute a Deposit
5 Agreement [Doc. 8-3]. Under the terms of the Deposit Agreement BoA charged a \$35
6 fee anytime a deposit account holder wrote a check against insufficient funds. When a
7 deposit account holder thus over drafted his or her account, BoA had discretion as to
8 whether to honor the overdrawn check by advancing funds to the payee sufficient to
9 cover the note. However BoA levied the Initial Charge whether it advanced the funds or
10 not. In the event BoA advanced the funds, deposit account holders were obligated under
11 the Deposit Agreement to pay back BoA's advance plus any fees incurred. Failure to do
12 so within five days triggered a \$35 Extended Overdrawn Balance Charge ("EOBC").

13 Plaintiff wrote some checks against insufficient funds. BoA honored the checks
14 but charged her \$35 fee for not having sufficient funds. When Plaintiff failed to remedy
15 her negative account balance within five days, BoA levied EOBCs. Because the EOBCs,
16 as a percentage of her negative account balance, exceeded the interest rate permitted by
17 the National Banking Act, Plaintiff filed this putative class action against BoA, alleging
18 violation of 12 U.S.C. §§ 85, 86 (the "NBA").

19 A significant amount of pretrial activity followed. BoA moved to dismiss
20 Plaintiff's Complaint, arguing that the EOBCs were not "interest" and therefore cannot
21 trigger the NBA. (MTD [Doc. 8].) The Court disagreed, and therefore denied BoA's
22 motion. (MTD Order [Doc. 20].) BoA subsequently answered and then amended their
23 answer, and Plaintiff twice moved to dismiss certain of BoA's affirmative defenses.
24 (Docs. 25, 40, 41, 45.) In part because every other court to consider the issue had held
25 that EOBCs do not constitute interest, this Court found that there was substantial ground
26 for a difference of opinion on the issue. (April 11, 2017 Order [Doc. 61].) The Court
27 therefore granted BoA's motion for certification of an interlocutory appeal of the denial
28 of BoA's motion to dismiss. (Id.)

1 BoA petitioned the Ninth Circuit for a permissive interlocutory appeal on April 21,
2 2017. (Doc. 62.) Plaintiff answered. (9th Cir. Case No. 17-80072 [“Appeal”] Doc. 4.)
3 The Ninth Circuit Granted BoA’s Petition. (Doc. 63.) While the permissive appeal was
4 pending before the Ninth Circuit, the parties participated in settlement negotiations,
5 exchanged informal discovery, and attended mediation before the Honorable Layn
6 Philips (Ret.), a highly respected neutral. Through these efforts, the parties successfully
7 reached a settlement agreement in early October 2017. After conducting confirmatory
8 discovery and reducing terms to writing, the parties formally executed the Settlement
9 Agreement on October 31, 2017 and requested preliminary approval. On December 21,
10 2017, the Court granted preliminary approval. (Prelim. Appr. [Docs. 72, 75].) Plaintiffs
11 now move unopposed for certification of a settlement class, final approval of the
12 settlement, final approval of attorneys’ fees and costs award, and final approval of service
13 awards for named plaintiffs.

14 15 **II. THE SETTLEMENT**

16 In exchange for the release of class members’ claims, the settlement agreement
17 (“Agreement” [Doc. 104-2]) provides four forms of consideration:

- 18 1. BoA ceases charging EOBCs for five years beginning December 31, 2017.
19 (Agreement § 2.2(a).) BoA’s obligation will terminate during this timeframe only
20 if the United States Supreme Court expressly holds that EOBCs or their equivalent
21 do not constitute interest under the NBA. (Id.) BoA testifies that this cessation
22 will depress their revenue (and benefit BoA deposit account holders) by
23 approximately \$20,000,000 per month, or **\$1.2 billion** total over the five year
24 period. (Bhamani Decl. [Doc. 104-4].)
- 25 2. BoA provides cash payment (“Cash Portion”) of **\$37.5 million** to class members
26 who (1) were charged an EOBC and (2) did not have their EOBC refunded or
27 charged off. (Settlement Agreement § 2.2(b)(3).) Attorneys’ fees (\$14.5 million),
28 costs (\$53,119.92), named plaintiff service awards (\$20,000), and settlement

1 administrator hourly charges (approximately \$62,242.00 [Doc. 122-1 ¶33]) will
2 come off the top. (Id. § 1.4, 1.24, 2.2(b)(3).) The residue (approximately
3 \$22,864,638) to issue pro rata based upon how many EOBC's each qualifying
4 class member paid as a percentage of all EOBC's paid by the class during the class
5 period. (Id. § 2.2(b)(3).) Class members who do not opt out will receive their
6 payment automatically.

- 7 3. BoA provides debt reduction ("Debt Reduction") in the amount of at least **\$29.1**
8 **million**. Debt Reduction will issue to class members whose BoA accounts closed
9 with an outstanding balance stemming from one or more EOBC's levied during the
10 class period. Each eligible class member will receive up to \$35 in debt reduction.
11 To the extent BoA reported any of this debt to the credit bureaus, BoA will update
12 the Bureau's as to the effect of the debt reduction. This debt reduction will issue
13 automatically to all qualifying members who do not opt out. It will apply only to
14 debt which BoA has a legal right to collect. It will not apply to unenforceable
15 debt, such as debt discharged in bankruptcy. (Trial Tr.)
- 16 4. BoA is paying all settlement administration costs other than the administrator's
17 hourly service charges. These costs are currently estimated at \$2.9 million. (Doc.
18 122-1 ¶33.)

19 If there is any residual Cash Portion settlement funds after the first distribution, the
20 residue will go to the class by way of a secondary distribution, if economically feasible.
21 Otherwise, the residue will go to the Center for Responsible Learning as *cy pres*
22 beneficiary. None of the settlement funds will revert to BoA.

23 Email and / or physical mail notices went out to 7,078,199 class members. (Doc.
24 122-1 ¶ 21.) Only one hundred class members opted out. (Id. ¶ 26.) Eleven class
25 members have filed timely objections. (Docs. 82, 84–86, 88, 90–93, 101.) Class
26 member Rachael Threatt ("Threatt") was the only objecting class member to appear at the
27 final approval hearing ("Hearing"), entering an appearance through counsel Theodore
28 Frank.

1 **III. SETTLEMENT CLASS CERTIFICATION**

2 Plaintiffs seek settlement only class certification under Fed. R. Civ. P. 23(a) and
3 (b)(3) of the same settlement class the Court preliminarily certified: “All holders of
4 [BoA] consumer checking accounts who, during the period between February 25, 2014
5 and December 30, 2017, were assessed at least one [EOBC] that was not refunded.”
6 (Doc. 72 § 2.)

7 "The class action is ‘an exception to the usual rule that litigation is conducted by
8 and on behalf of the individual named parties only.’” *Wal-Mart Stores, Inc. v. Dukes*, 564
9 U.S. 338, 348 (2011). “A party seeking class certification must satisfy the requirements
10 of Federal Rule of Civil Procedure 23(a) and the requirements of at least one of the
11 categories under Rule 23(b).” *Wang v. Chinese Daily News, Inc.*, 709 F.3d 829, 832 (9th
12 Cir. 2013).

13 **A. Rule 23(a)**

14 Rule 23(a) ensures that the named plaintiffs are appropriate representatives of the
15 class whose claims they wish to litigate. “The Rule's four requirements – numerosity,
16 commonality, typicality, and adequate representation – effectively limit the class claims
17 to those fairly encompassed by the named plaintiff's claims.” *Dukes*, 564 U.S. at 349
18 (internal quotation marks and citations omitted).

19 1. Numerosity

20 The numerosity element is met if “the class is so numerous that joinder of all
21 members is impracticable.” Fed. R. Civ. P. 23(a)(1). Here, the class numbers around
22 seven million. The numerosity element is clearly satisfied.

24 2. Commonality

25 Under Rule 23(a)(2), Plaintiffs must demonstrate that there are “questions of law
26 or fact common to the class.” Fed. R. Civ. P. 23(a)(2). The Supreme Court has held that
27 plaintiffs must demonstrate “the capacity of a classwide proceeding to generate common
28 answers” to common questions of law or fact that are “apt to drive the resolution of the

litigation.” *Dukes*, 564 U.S. at 350 (internal citations and quotations marks omitted).
However, “[a]ll questions of fact and law need not be common to satisfy this rule.”
Hanlon v. Chrysler Corp., 150 F.3d 1011, 1019 (9th Cir. 1998). “The common contention
... must be of such a nature that ... its truth or falsity will resolve an issue that is central to
the validity of each one of the claims in one stroke.” *Id.* “The existence of shared legal
issues with divergent factual predicates is sufficient, as is a common core of salient facts
coupled with disparate legal remedies within the class.” *Id.* A single common question is
sufficient to satisfy the commonality element. *Dukes*, 131 S. Ct. at 2556. Here, the
common, dispositive issue of whether EOBCs constitute interest for purposes of the NBA
satisfies the commonality element.

3. Typicality

The typicality requirement of Rule 23(a)(3) focuses on the relationship of facts and
issues between the class and its representatives.

The commonality and typicality requirements of Rule 23(a) tend to merge.
Both serve as guideposts for determining whether under the particular
circumstances maintenance of a class action is economical and whether the
named plaintiff's claim and the class claims are so interrelated that the
interests of the class members will be fairly and adequately protected in their
absence.”

Dukes, 131 S. Ct. at 2551 n.5 (internal quotation marks and citation omitted).

“[R]epresentative claims are ‘typical’ if they are reasonably co-extensive with those
of absent class members; they need not be substantially identical.” *Hanlon v. Chrysler
Corp.*, 976 F.2d 497, 508 (9th Cir. 1992) (internal citations and quotation marks omitted).
“The test of typicality is whether other members have the same or similar injury, whether
the action is based on conduct which is not unique to the named plaintiffs, and whether
other class members have been injured by the same course of conduct.” *Hanon v.
Dataproducts Corp.*, 976 F.2d 497, 508 (9th Cir. 1992) (internal citations and quotation
marks omitted).

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1 Here, the named plaintiffs are typical of the class they seek to represent. They
2 suffered the same injury from the same course of conduct as did unnamed members. To
3 wit, like the unnamed members, BoA charged them with EOBCs. Named plaintiffs
4 therefore meet the criteria of Rule 23(a)(3).¹

6 4. Adequacy

7 To serve as class representative, one must “fairly and adequately protect the
8 interests of the class.” Fed. R. Civ. P. 23(a)(4). This requirement is aimed at protecting
9 the due process rights of absent members who will be bound by a class action judgment.
10 *Hanlon*, 150 F.3d at 120; *Richards v. Jefferson Cnty.*, Ala., 517 U.S. 793, 801 (1996).
11 “Resolution of two questions determines legal adequacy: (1) do the named plaintiffs and
12 their counsel have any conflicts of interest with other class members and (2) will the
13 named plaintiffs and their counsel prosecute the action vigorously on behalf of the
14 class?” *Hanlon*, 150 F.3d at 120 (citation omitted).

15 Named plaintiffs and Class Counsel have demonstrated their ability to vigorously
16 prosecute this action on behalf of the class.² Thus, the only question as to adequacy is
17 whether there exists a conflict of interest between named plaintiffs and the class as a
18 whole that would render named plaintiffs inadequate representatives. Objector Estafania
19 Sanchez (“Sanchez”) complains that the interests of the Debt Portion recipients are
20 “entirely different” and in conflict with the interests of the Cash Portion recipients.
21 (Sanchez Objection [Doc. 88] ¶ 3.) In support of this argument, Sanchez cites to *Amchem*
22 *Products Inc. v. Windsor*, 52 U.S. 591 (1997). In *Amchem*, an asbestos exposure case,
23 the Supreme Court held that there was an insufficient alignment of the interests of
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25 ¹ Objector Sanchez seeks to raise typicality arguments for the first time in her response to the Court’s
26 Order to Show Cause, which did not request briefing on the issue of typicality. She did not raise
27 typicality concerns in a timely objection. In any event, the Court, for the reasons stated, is satisfied that
28 the typicality element is met.

² The Court further elaborates on this point below under the portion of this order approving Class
Counsel’s fee award.

1 plaintiffs who presently suffered exposure related injury and plaintiffs who had no
2 present symptoms but could potentially experience them at a later time. *Id.* at 626. To
3 wit, the former had an interest in maximizing immediate payment while the latter had a
4 conflicting interest in maximizing a reserve fund for future claims with built in inflation
5 adjustments. *Id.*

6 Because it seemed feasible that the Cash Portion recipients may have an interest in
7 maximizing the cash value of the settlement while the Debt Portion recipients may have a
8 possibly conflicting interest in maximizing the debt forgiveness, the Court ordered further
9 briefing on this issue. (OSC [Doc. 125].) In their responsive briefing, BoA and Class
10 Counsel cite to *In re Volkswagen “Clean Diesel” Mktg., Sales Practices, and Products*
11 *Liability Litig.*, 895 F.3d 597 (9th Cir. 2018), a decision that issued eleven days after the
12 OSC.

13 In *Volkswagen*, the settlement at issue stemmed from Volkswagen’s decision to
14 install “defeat devices” in some of its vehicles. *Volkswagen*, 895 F.3d at 603. These
15 defeat devices triggered during smog inspections and reduced the vehicles’ emissions to a
16 legally acceptable level. *Id.* The settlement involved making payments to class members
17 depending in part upon to which of two subgroups a class member belongs. One
18 subgroup consisted of class members who had not sold their vehicles. Members of this
19 subgroup received the option to either have their vehicles fixed or to sell them back at the
20 pre-defeat device price. *Id.* at 604. Members of this subgroup also received a cash
21 restitution payment of at last \$5,100 if they purchased their vehicle before September 18,
22 2015, the date the defect became publically known (“Eligible Owners”), and half that
23 amount in cash restitution if they purchased their vehicle after that date (“Eligible New
24 Owners”). *Id.* Another group consisted of those who had sold their vehicles after the
25 defect became publically known (“Eligible Sellers”). Members of this group received
26 only a restitution payment, which was equal to one half the restitution afforded to
27 Eligible Owners and the same as that afforded to Eligible New Owners.
28

1 An objector challenged class certification on the basis of adequacy, arguing that
2 there was a conflict of interest between owners and sellers and inadequate representation
3 of the latter. *Volkswagen*, 895 F.3d at 606–7. As evidence of inadequate representation,
4 the objector complained that it was unfair that Eligible Sellers received the same amount
5 as Eligible new buyers, given that the latter made their purchase after receiving
6 construction knowledge of the defect. *Id.* In finding that the district court did not abuse
7 its discretion in certifying the settlement class, the Ninth Circuit reasoned that no conflict
8 of interest existed sufficient to render the representation inadequate because (1) the
9 Eligible Sellers had much weaker claims than the Owners and thus benefited from the
10 bargaining power of the latter and (2) the settlement fairly compensated sellers for their
11 actual economic losses. *Id.* at 608–9.

12 As with the members of the Eligible Sellers group in *Volkswagen*, members of the
13 Debt Portion group here are fairly compensated for their actual economic losses
14 stemming from unpaid EOBCs. Indeed, Debt Portion recipients will receive complete
15 EOBC debt forgiveness. (OSC Response [Doc. 128] 8:5–6 n.3; BoA Decl. [Doc. 128 –2]
16 ¶3.) It is true that the Cash Portion recipients, by contrast, will recover less than one
17 hundred percent of their economic loss. But this comparably less favorable treatment of
18 Cash Portion recipients is not grounds for finding an improper conflict of interest because
19 the named plaintiffs include only Cash Portion recipients and do not include any Debt
20 Portion recipients. (OSC Response 7:15–25.) To the contrary, the fact that the least
21 represented group appears to have received the more favorable treatment would seem to
22 suggest a lack of self-dealing on the part of the named representatives. Accordingly, the
23 Court finds that the representation in this case satisfies Fed. R. Civ. P. 23(a)(4).

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1 **B. Rule 23(b)(3)**

2 Plaintiff seeks class certification under Rule 23(b)(3). Where, as here, the
3 requirements of Rule 23(a) are met, class certification is proper under Rule 23(b)(3) if
4 “the court finds that the questions of law or fact common to class members predominate
5 over any questions affecting only individual members, and that a class action is superior
6 to other available methods for fairly and efficiently adjudicating the controversy.” Fed.
7 R. Civ. P. 23(b)(3); *Wang*, 709 F.3d at 832.

8 Here, there is no dispute as to the fact that the legal question of whether EOBCs
9 constitute interest predominates and a class action is the superior method by which to
10 resolve this common question. Accordingly, the Court certifies for settlement purposes
11 only the class as defined in paragraph 2.1 of the Settlement Agreement.

12
13 **C. Notice**

14 A prerequisite to final approval is a finding of adequate notice to the class. Fed. R.
15 Civ. P. 23(e). In the preliminary approval order, the Court approved the form, content,
16 and method of providing notice proposed by the Parties. The Settlement Class Notices
17 were thereafter distributed to members of the Settlement Class pursuant to the terms of
18 the Preliminary Approval Order. (See Docs. 104–3; 122–1.) Objector Estafania Sanchez
19 complains that notice was inadequate because it failed to inform class members as to how
20 much damage the class as a whole suffered and how many class members will share in
21 the settlement.

22 Both contentions lack merit. Through banking records and notices, each class
23 member should be in a position to know, or at least learn, how much damage they
24 personally suffered from EOBCs. Furthermore, the notice to the class informed members
25 of the amount of the settlement as well as an estimate of the number of people in the
26 class. (See Doc. 73–2 pp. 3–4.) Armed with this information, class members were in a
27 position to roughly calculate the average payout and compare that to their individual
28 damages. The Court therefore finds that the Class Notices given to Settlement Class

1 members adequately informed Settlement Class members of all material elements of the
2 proposed Settlement and constituted valid, due, and sufficient notice to Settlement Class
3 members. The Court further finds that the Notice Program satisfies due process and has
4 been fully implemented.

5 6 **IV. SETTLEMENT FAIRNESS**

7 In determining whether a class action settlement is fair, adequate, and reasonable,
8 the Court considers what are known as the *Hanlon* factors, which are:

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10 (1) the strength of plaintiffs' case; (2) the risk, expense, complexity, and
11 likely duration of further litigation; (3) the risk of maintaining class action
12 status throughout the trial; (4) the amount offered in settlement; (5) the
13 extent of discovery completed, and the stage of the proceedings; (6) the
14 experience and views of counsel; (7) the presence of a governmental
15 participant; and (8) the reaction of the class members to the proposed
16 settlement.

17 *Gutierrez-Rodriguez v. R.M. Galicia, Inc.*, No. 16-cv-00182 H-BLM (S.D. Cal. 2017)
18 (citing *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1026 (9th Cir. 1998)). When a court
19 exercises its discretion to approve a settlement, the Ninth Circuit has instructed:

20 [T]he court's intrusion upon what is otherwise a private consensual
21 agreement negotiated between the parties to a lawsuit must be limited to the
22 extent necessary to reach a reasoned judgment that the agreement is not the
23 product of fraud or overreaching by, or collusion between, the negotiating
24 parties, and that the settlement, taken as a whole, is fair, reasonable and
25 adequate to all concerned.

26 *Officers for Justice v. Civil Serv. Com.*, 688 F.2d 615, 625 (9th Cir. 1982). "The proposed
27 settlement is not to be judged against a hypothetical or speculative measure of what *might*
28 have been achieved by the negotiators." *Id.* (emphasis in original).

On balance, the Court finds that the *Hanlon* factors strongly support settlement
approval. As noted above, every other court to consider the question of whether EOBCs
constitute interest for purposes of the usury laws has answered it in the negative. Were
litigation in this case to continue, Plaintiffs would face a risk of losing at the appellate

1 level on this legal question. Furthermore, the distance between the present posture of this
2 case and any recovery other than by settlement is substantial. To succeed, Plaintiffs
3 would need to defeat BoA's permissive interlocutory appeal of the EOBC/interest issue;
4 engage in formal discovery; win a contested class certification motion; survive summary
5 judgment; win at trial; and successfully defend on likely at least one level of post-trial
6 appeal. Considering Bank of America is a highly sophisticated and well represented
7 defendant, Plaintiffs would almost certainly encounter substantial difficulty and expense
8 in fully litigating this case.

9 The amount offered in settlement also supports approval. Most importantly, the
10 injunctive relief, estimated at about \$1.2 billion, is substantial. Further, the \$37.5 million
11 in cash and \$29.1 million in debt relief alone amounts to about nine percent of the
12 maximum amount the Class could recover through trial. (Joint Decl. [Doc. 104–3] ¶ 30.)
13 Compared to the risk and expense of continued litigation, a present recovery of nine
14 percent is meaningful. It is thus not surprising that only one hundred members of the
15 more than seven million person class elected to opt out.

16 Some objections complain that the \$29.1 million in debt relief is illusory because
17 (1) forgiving the debt may cost BoA very little considering it likely did not expect to
18 recover most if not all of this debt and (2) Debt Portion recipients will benefit little from
19 forgiveness of debt that they did not intend to pay. While it may be true that it will cost
20 BoA very little to provide the Debt Portion relief, it does not follow that the relief is
21 meaningless to Debt Portion recipients. This debt, at present, is legally enforceable.
22 BoA could initiate proceedings to collect. Alternatively, BoA could sell the debt at a
23 discount to another entity that might be more willing to undertake collection efforts. The
24 Debt Portion relief immunizes recipients from worrying about or suffering through any
25 efforts to collect on this debt. The Debt Portion relief will also benefit recipients in the
26 form of the improved credit scores some class members will realize once BoA reports the
27 debt relief to the credit bureaus.

1 Finally, the quality and tenacity of Class Counsel's work on this case (discussed in
2 more detail below) and the presence of a highly respected neutral in negotiations further
3 satisfies the Court that this settlement was reached through arms' length negotiations and
4 not collusion. For these reasons, the Court approves the Agreement as fair, reasonable,
5 adequate, and in the best interest of the Settlement Class members.

6
7 **V. ATTORNEYS' FEES**

8 In their Motion for Fees and Costs, Class Counsel sought \$16.65 million in fees,
9 25% of the 66.6 million dollar aggregated value of the cash and debt reduction payments.
10 Class Counsel has since reduced their fee prayer to \$14.5 million, which amounts to 21.1
11 % of the proposed cash and debt reduction payments. (Doc. 106.) The bulk of settlement
12 objections focus on this prayer, contending it is unreasonable.

13 In common fund cases such as this, the Court has discretion to employ either the
14 percentage of the fund method or the lodestar method to calculate a proper fee award. *In*
15 *re Bluetooth Headset Prods. Liab. Lit.*, 654 F.3d 935, 942 (9th Cir. 2011). In
16 determining fees, "[r]easonableness is the goal, and mechanical or formulaic application
17 of either method, where it yields an unreasonable result, can be an abuse of discretion."
18 *Fischel v. Equitable Life Assur. Soc'y of U.S.*, 307 F.3d 997, 1007 (9th Cir. 2002).

19 Under the percentage of the fund method, the Court awards some specific
20 percentage of the fund as fees. The Ninth Circuit benchmark rate is twenty five percent.
21 *Bluetooth*, 654 F.3d at 942. Here, Class Counsel purports to request only a 21.1% take of
22 the common fund, which includes the Debt (\$29.1 million) and Cash (\$37.5 million)
23 Portion relief (the "denominator"). Objectors contend that Class Counsel's prayer for
24 \$14.5 million is actually more than 21.1% because the Debt Portion relief is illusory and
25 thus should not be included in the denominator. As explained above, the Court does not
26 believe the Debt Portion relief is illusory. Furthermore, assuming *arguendo* that it was
27 illusory, the Court finds that the staggering \$1.2 billion dollars in injunctive relief is
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1 worth substantially more than \$29.1 million to the denominator. The Court therefore
2 calculates Class Counsel's prayer at 21.1% of the common fund.

3 Meeting the benchmark rate does not end the analysis because "[s]election of the
4 benchmark or any other rate must be supported by findings that take into account all of
5 the circumstances of the case." *Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1048 (9th
6 Cir. 2002). Factors courts commonly consider in determining a reasonable percentage
7 include the result obtained; the reaction of the class; the effort, experience, and skill of
8 counsel; complexity of issues; risks of nonpayment assumed by class counsel; and
9 comparison with counsel's lodestar. *Ruiz v. Xpo Last Mile, Inc.*, 2017 WL 6513962 * 7
10 (S.D. Cal. 2017) (Sammartino, J.) (Internal citations and quotations omitted.)

11 As explained above under the settlement fairness analysis, the result obtained here
12 by Class Counsel is remarkable. The value of the Cash Portion and Debt Portion relief
13 alone strongly supports the requested fee. Consideration of the \$1.2 billion in injunctive
14 relief to class members and to BoA deposit account holders generally makes the inquiry
15 much easier. Indeed, forcing a bank of BoAs stature to cease a lucrative banking practice
16 like charging EOBCs is a meaningful accomplishment. Which would explain why Class
17 Members seem to have reacted very favorably—only one hundred members out of the
18 more than seven million member class opted out. This accomplishment is made all the
19 more remarkable by the fact that Class Counsel faced a substantial risk of non-payment in
20 confronting the adverse legal landscape on the issue of whether EOBCs constitute
21 interest.

22 Class Counsel achieved this result through tenacity and great skill. In all of their
23 written submissions and in their presentation at the Final Approval Hearing, Class
24 Counsel's arguments were laudably clear and precise, no small feat given the complexity
25 of the legal questions at issue here. It is clear that substantial preparation went into all of
26 Class Counsel's work on this case. Though Class Counsel achieved the Settlement
27 before commencement of formal discovery, a cursory glance at the docket demonstrates
28 that this was a hard fought battle. Class Counsel had to oppose a motion to dismiss,

1 move twice to strike affirmative defenses; oppose a petition for interlocutory appeal;
2 answer an appeal; engage in settlement talks and informal discovery; prepare for and
3 attend mediation; move for preliminary approval; effectuate notice; respond to
4 objections; prepare for and attend the Final Approval Hearing; and respond to the Court's
5 Order to Show Cause.

6 Objectors contend that the Court should nevertheless apply the lodestar cross
7 check. Here, the Court has discretion to not apply the lodestar cross check. *Bluetooth*,
8 654 F.3d at 942 (stating “[w]here a settlement produces a common fund for the benefit of
9 the entire class, courts have discretion to employ either the lodestar method or a
10 percentage-of-recovery method); *In re Google Referrer Header Privacy Litig.*, 869 F.3d
11 737, 748 (9th Cir. 2017) (stating “[a]lthough not required to do so, the district court took
12 an extra step, cross checking this result by using the lodestar method.”) The Court
13 therefore finds it proper to exercise this discretion and not apply the lodestar cross
14 check.³ Because the requested 21.1% is significantly below the benchmark rate of 25%,
15 and because of how high Class Counsel scores on the factors analyzed above, the Court
16 finds that the requested fee is reasonable. The Court therefore **GRANTS** Class Counsel's
17 motion for fees and awards \$14.5 million.

18 19 **VI. COSTS AND SERVICE AWARDS**

20 Class Counsel seeks \$53,119.92 in costs and \$20,000 in service awards to the
21 named plaintiffs. None of the objectors contest these requests. The Court finds these
22 amounts reasonable to compensate Class Counsel for the costs expended in litigating this
23 case and the named plaintiffs for their service to the settlement class and in this action.
24 Class Counsel's prayer for costs and services awards is **GRANTED**.

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28 ³ The Court therefore **DENIES AS MOOT** Class Counsel's Motion to Seal [Doc. 110].)

1 **VII. CONCLUSION AND ORDER**

2 For the foregoing reasons, the Court **OVERRULES** all objections and **GRANTS**
3 Class Counsel's unopposed motions for final approval of class action settlement and final
4 approval of fees, costs, and service awards. The Court further orders as follows:

- 5 • The Amended Complaint (Doc. 78) is dismissed with prejudice.
 - 6 • The one hundred class members who opted out are not bound by this settlement
7 agreement. (Doc. 122-1 Attachment 5.)
 - 8 • Provided it is economically feasible, should any funds remain after the initial
9 distribution of the class member awards, the parties shall do a second distribution
10 to Settlement Class members who received their class member awards, provided it
11 was by direct deposit or by negotiated check. (Agreement ¶ 3.5.) Should residual
12 funds remain following a second distribution, or in the event a second distribution
13 is not economically feasible, the Parties shall distribute the remaining funds, if any,
14 to *cy pres* recipient, Consumers for Responsible Lending
15 (www.responsiblelending.org), a non-profit organization that fights against abusive
16 financial practices.
 - 17 • Objector Collins motion [Doc. 119] for leave to file an amended Reply is
18 **DENIED**. To properly assess the fairness of the settlement and the requested fees,
19 it is not necessary for the Court to determine whether Objector Collins' attorney
20 verbally indicated to Class Counsel that his client was satisfied by the \$2 million
21 reduction in Class Counsel's prayer for fees. The Court assumes Collins did not
22 retract her objection, and overrules it.
 - 23 • The Court retains jurisdiction over implementation and enforcement of the
24 Agreement.
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1 **IT IS SO ORDERED.**

2 Dated: August 31, 2018

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4 Hon. M. James Lorenz

5 United States District Judge
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