AND CLASS REPRESENTATIVE SERVICE AWARD

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Before the Court is a Motion for Attorneys' Fees, Reimbursement of Costs, and Incentive Award filed by plaintiff Jacqueline Ibarra ("Plaintiff" or "Ibarra"). Defendant Wells Fargo Bank, N.A. ("Defendant") does not oppose the motion.

#### I. FACTUAL & PROCEDURAL BACKGROUND

This is a class action on behalf of 4,481 mortgage brokers for rest break violations under Labor Code § 227.6 and Business & Professions Code §17200 (Docket Nos. 17, 18, 50 I.A.2,3).

Plaintiff and the members of the class she represents worked for Defendant selling mortgages. In the operative First Amended Complaint ("FAC"), Plaintiff alleged various wage and hour violations under California state law. (FAC ¶¶ 8-15, Docket No. 1-2.)

Plaintiff initiated this action on March 17, 2017 in the Los Angeles County Superior Court. (Docket No. 1-1.) The original complaint was filed jointly with another individual, Patricia Barreras, and it named Wells Fargo & Company as defendant. (Id.) On June 5, 2017, Plaintiff filed her FAC, which dismissed some claims and the other named plaintiff, and it asserted claims against Defendant Wells Fargo Bank, N.A. for the first time. On June 12, 2017, Defendant removed the action to this Court. (Docket No. 1.)

Pursuant to the parties' stipulation (Docket No. 17), on July 25, 2017, the Court certified a class, of which Plaintiff is a member, defined as follows:

> All non-exempt employees for Wells Fargo who at any time during the period from March 17, 2013 to August 1, 2017 worked for Wells Fargo in California in the job titles of Home Mortgage Consultant, Home Mortgage Consultant, Jr., Private Mortgage Banker, or Private Mortgage Banker, Jr and were subject to the common compensation plans during this period. (Docket No. 18.)

In that same July 25, 2017 order, and pursuant to the parties' stipulation, the Court dismissed all claims except Plaintiff's rest-break claim and the portion of Plaintiff's UCL claim relating to rest-break violations. (Id.)

The parties filed their motions for summary judgment on November 9, 2017. (Def.'s Mot., Docket No. 26; Pl.'s Mot., Docket No. 27.) The parties also filed a list of stipulated facts with various exhibits. (See Stip. Facts, Docket No. 25; Stip. Facts Exs. A-I, Docket No. 25-1.) The parties subsequently filed oppositions to each other's motions and replies for their own motions. (Def.'s Opp'n, Docket No. 29; Pl.'s Opp'n, Docket No. 30; Def.'s Reply, Docket No. 32; Pl.'s Reply, Docket No. 33.) On January 19, 2018, the Court granted Plaintiff's motion for summary as to liability, and denied Defendant's motion. (Docket No. 35.). Thereafter, the parties agreed that "[t]he primary legal dispute will be over how to

calculate 'one additional hour at the employees regular rate of compensation for each workday that [a rest] period is not provided,' which are the damages for a rest period violation specified in Labor Code § 226.7(c)." (Docket No. 38 at 2, and No. 50 at (I)(A)(5)). If Defendant's position applied to determine damages, the resulting aggregate class-wide damages would have been \$24,472,114.36. (Docket No. 50 at (I)(C)(10). If Plaintiff's position applied, the resulting damages would be \$97,284,817.91. (Docket No. 50 at (I)(C)(11). Defendant further contended that work shifts of 961 class members did not generate any damages, resulting in class-wide damages figures that would be reduced to either \$22,622,807.27 or \$95,435,510.81, depending on whether Defendant's legal theory or Plaintiff's legal theory for how to calculate damages is adopted. (Docket No. 50 at (I)(C)(12).)

On May 8, 2018, the Certified Class was awarded \$97,284,817.91 in damages, and judgment was entered in their favor in that amount. (Docket Nos. 50-51.) On May 15, 2018, Defendant appealed the Court's Orders and Judgment. (Ninth Circuit Court of Appeal Case No. 18-55626.)

Plaintiffs now seek approval of attorneys' fees, litigation costs, and incentive awards.

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### II. ATTORNEYS' FEES AND LITIGATION EXPENSES

### A. Attorneys' Fees

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The Court is obligated to conduct a careful review of the reasonableness of the requested attorney's fees and costs. See In re Washington Public Power Supply System Sec. Litig., 19 F.3d 1291, 1302 (9th Cir. 1994) ("Because in common fund cases the relationship between plaintiffs and their attorneys turns adversarial at the fee-setting stage, courts have stressed that when awarding attorneys' fees from a common fund, the district court must assume the role of fiduciary for the class plaintiffs."). Plaintiff seeks \$24,321,204 in attorneys' fees. This constitutes 25% of the common fund judgment obtained for the Class.

In common fund cases, "where the settlement or award creates a large fund for distribution to the class, the district court has discretion to use either a percentage or lodestar method." Hanlon v. Chrysler Corp., 150 F.3d 1011, 1029 (9th Cir. 1998). "The percentage method means that the court simply awards the attorneys a percentage of the fund sufficient to provide class counsel with a reasonable fee." Id. "Because the benefit to the class is easily quantified in common-fund settlements, we have allowed courts to award attorneys a percentage of the common fund in lieu of the often more timeconsuming task of calculating the lodestar." In Re Bluetooth Headset Prods. Liab. Litig., 654 F.3d 935, 942 (9th Cir. 2011). Applying this calculation method, courts typically calculate 25% of the fund as the "benchmark" for a reasonable fee award, providing adequate explanation in the record of any "special circumstances" justifying a departure. Id. "Relevant circumstances" or factors recognized by the Ninth Circuit are the following: (i) the results obtained for the class, including whether counsel's performance generated benefits beyond the cash settlement fund; (ii) the risk undertaken by counsel; (iii) the skill required and the quality of work; (iv) the contingent nature of the fee; and (v) the market rate, awards in similar cases. Vizcaino v. Microsoft Corp., 290 F. 3d 1043, 1048-1050 (9th Cir. 2002). Class Counsel argues that in light of the results obtained; contingent risk involved; complexity of issues; and Class Counsel's skill, and effort expended, 25% of the Class Fund is a reasonable fee in this case. (Attorneys' Fees Mot. 3-16.)

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### 1. A 25% Fee Is Justified by The Exceptional Results.

The "benefit obtained for the class" is the "foremost" consideration in determining the appropriate fee in a common fund case. <u>In re Bluetooth</u>, <u>supra</u>, 654 F.3d at 942.

Here, Class counsel achieved extraordinary results for the Class Members. Class counsel litigated this matter through judgment and recovered 100% of the value of the case, the maximum amount possible. The amount recovered was not simply a result of the size of the class, but was directly attributable to Class counsel prevailing through their damages theory at trial, which increased the Class award by 4.3 times the amount asserted by Wells Fargo, and resulted in an additional \$74,662,0101.90 to the Class (Dckt No. 50, at I.c.12). This action also obtained significant additional benefits not included in the judgment. (Stevens Decl., ¶20, and 21). Defendant changed its pay plan on April 1, 2018, following the judgment in this case, so that pay for rest break time "will not be taken into account" when Wells Fargo deducts hourly advances from commissions. Id. This change addresses and stops the larger issue of Wells Fargo not paying for rest break time, and affects all current and future Wells Fargo HMCs. Id. When extrapolated into the future, this additional relief will equal and eventually exceed the value of the common fund. Id. Based thereon, Class counsel's fee request, although 25% of the common fund, is essentially 12.5%, or less, than the total benefits created. Class counsel cites to numerous cases and studies that indicate the results in this action far exceed the majority of wage and hour class actions. (Attorneys' Fee Mot., p.6-8.) (Stevens Decl., ¶¶22-26).

In short, Class Members and future employees of Defendant have benefited and will benefit as a result of Class counsel's work in this litigation. This factor supports Class Counsel's fee request.

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### 2. The Case Carried Substantial Risks.

The litigation involved two small law firms versus a superior resourced and historically litigious Defendant represented by highly skilled counsel from a large, national law firm. Defendant denied each of Plaintiff's allegations, contested liability and damages, and raised a vigorous defense all the way through trial, and now continuing through appeals. Wells Fargo filed a summary judgment motion as to the Classwide claims, a substantial risk to Class claims that had to be overcome. In addition, the proper calculation of damages was unsettled, but the majority of existing precedent was against Class counsels' position. Class counsel faced a substantial risk of receiving over four times less than what was ordered. Each of these risks existed and had to be overcome. Moreover, Plaintiffs and Class counsel continue to face the risk of Defendant's appeal. This factor, therefore, supports Class counsels' request.

### 3. The Quality, Skill and Efficiency of Class Counsel.

Class Counsel litigated this matter through trial and judgment and achieved an excellent result in significantly less than typical time for a class action. This case was filed on March 17, 2017, the named Defendant was added to the action on June 5, 2017, and the case was removed to federal court on June 12, 2017. It proceeded through discovery, class certification, summary judgment on liability, and trial and judgment on damages, all in less than a year from the time the Defendant was added and the case removed to federal court in June 2017. The speed, efficiency and effectiveness with which this case was prosecuted, and the fact that Class counsel prevailed on each issue further evidences the exceptional quality and skill of class counsel's work and supports class counsels' fee request.

### 4. The Contingent Nature of the Fee.

Class counsel prosecuted this case on a purely contingent fee basis, advancing all attorney time and costs, and risking recovering nothing. (Stevens Decl., ¶¶ 14-18).

Moreover, the risk still exists, as Wells Fargo is appealing. Thus, the contingent nature of Class counsel's representation supports the benchmark fee award.

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# 5. The 25% Benchmark Is Fair And Reasonable To The Absent Class Members.

Individual class member recoveries are substantial and significantly greater than

the average recovery in a wage and hour action. (Attorneys' Fee Mot. 11-12). In an

individual contingency case with such a recovery, 25% is at or below the market rate a

class member would expect to pay. Vizcaino, supra, 290 F.3d at 1049. This factor,

6. Comparison to Awards in Other Cases Demonstrates the

Class Counsel cites numerous cases in district courts and the Ninth Circuit that

have found 25% to be a reasonable fee in class action common funds of similar size.

(See Attorneys' Fees Mot. 13-14.). This factor, therefore, supports Class counsels'

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### 7. Loadstar Cross Check

Fee Requested is Reasonable.

therefore, supports Class counsels' request.

The Ninth Circuit has held that the Court may, but is not required, to engage in a lodestar "cross-check" when awarding a fee as a percentage of a common fund. Vizcaino, 290 F.3d at 1050-51. The California Supreme Court has held similarly. Laffitte v. Robert Half Intern. Inc., 1 Cal.5th 480, 506 (2016). The lodestar method can confirm that a percentage of recovery is reasonable and does not award counsel "windfall profits." In re Bluetooth, supra, 654 F.3d at 942 (quoting In re GMC Pick-Up Truck Fuel Tank Prods. Liab. Litig., 55 F.3d 768, 820 (3d Cir. 1995)). The Ninth Circuit has explained that "windfall profits" are predicated on the circumstance where the size of the common fund was merely a result of class size, not counsel's efforts. In re Bluetooth,

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supra, 654 F.3d at 942 (quoting In re Prudential Ins. Co., supra, 148 F.3d at 339)("basis for [the] inverse relationship between size of fund and percentage awarded for fees is that in many instances the increase in recovery is merely a factor of the size of the class and has no direct relationship to the efforts of counsel.") In contrast to the use of the lodestar method as a primary tool for setting a fee award, "[t]he lodestar 'cross-check' need not be as exhaustive as a pure lodestar calculation" because it only "serves as a point of comparison by which to assess the reasonableness of a percentage award." Fernandez v. Victoria Secret Stores, LLC, 2008 WL 8150856, \*14 (C.D. Cal. 2008).

The Ninth Circuit has adopted twelve factors a Court should consider in assessing a fee request under the lodestar analysis, known as the "Kerr factors." Hanlon v. Chrysler Corp., 150 F.3d at 1029. (citing Kerr v. Screen Extras Guild, Inc., 526 F.2d 67, 70 (9th Cir.1975)). These include: (1) the time and labor required; (2) the novelty and difficulty of the questions involved; (3) the skill requisite to perform the legal service properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by the client or the circumstances; (8) the amount involved and the results obtained; (9) the experience, reputation, and ability of the attorneys; (10) the 'undesirability' of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases. Kerr, supra, 526 F.2d at 70. "The lodestar calculation, when used in this manner, does not override the trial court's primary determination of the fee as a percentage of the common fund and thus does not impose an absolute maximum or minimum on the potential fee award." Laffitte, supra, 1 Cal.5th at 505. Under California law, a percentage calculation may be used to determine a lodestar multiplier and at an amount counsel would otherwise have obtained under a contingency fee contract found in the marketplace. Lealao v. Beneficial California, Inc., 82 Cal.App.4th 19, 45 (2000); Laffitte, supra, 1 Cal.5th at 502. "[E]mpirical studies show that, regardless whether the percentage method or the lodestar method is used, fee awards in class actions average ////

around one-third of the recovery." <u>Chavez v. Netflix, Inc.</u> 162 Cal. App. 4<sup>th</sup> 43, 63 (2008).

Here, according to Class Counsel's stated rates and hours worked, the lodestar calculation is approximately \$1,304,944.00. (See Attorneys' Fees Mot. 19.). The Class was represented by two firms: Stevens, L.C., and Haffner Law, P.C. Between the two firms, four (4) attorneys have spent 1772.5 hours working on this case since its inception 14 months ago. (See Stevens Decl. ¶28.)7 Each of these attorneys has a rate of between \$350 and \$775 per hour. (Stevens Decl. ¶28; Haffner Decl. ¶15). A paralegal is listed with the rate of \$175 with a total of 18 hours committed to this case. (See Stevens Decl. ¶28.)

Class Counsel indicates that the lodestar does not take into account the substantial future work that will occur. In this case, the future work includes litigating the appeal of the liability and damages issues, an appeal which Wells Fargo has already filed. (See Attorneys' Fees Mot. 21.)(Stevens Decl. ¶30-32). In addition, Class Counsel will spend additional time implementing and supervising the judgement and guiding the Class Members through a claims process. (Id.)

Here, Class counsel estimates that the amount of time that will be spent on the appeal and post appeal class administration work may require 650 to 2,750 additional hours. (See Stevens Decl. ¶ 36, 37). Incorporating the estimated appellate work and time into the analysis would increase Class Counsel's lodestar to between approximately \$1,792,444.00 to \$3,367,444.00. (See Stevens Decl. ¶36, 37.) Under such consideration, it would effectively result in a multiplier between 7.2 to 13.5 to reach the 25% benchmark request. (See Stevens Decl. ¶37.)

While the multiplier may be higher than the average, Class Counsel obtained a higher than average result in significantly less than average time, and cites to cases where higher than average multipliers have been awarded. (See Attorneys' Fees Mot. 22-23.). A larger multiplier would thus be the function of Class counsel being more effective than typical and properly aligning Class Counsel's time with the results.

Finally, the Ninth Circuit has held that the Court may, but is not required, to engage in a lodestar "cross-check" when awarding a fee as a percentage of a common fund. Vizcaino, 290 F.3d at 1050-51. Indeed, California federal courts have expressly held that "[a] lodestar cross-check is not required in this circuit." Craft v. County of San Bernadino, 624 F.Supp.2d 1113, 1122 (C.D. Cal. 2008). Multiple other cases from this Circuit have held the same. See Ladore v. Ecolab, Inc., 2013 WL 12246339, \*11 (C.D. Cal. 2013) (Consideration of the foregoing factors strongly supports plaintiffs' request for attorney's fees in the amount of 28% of the common fund. Therefore, the court is satisfied that a lodestar "cross-check" is not required). Lopez v. Youngblood, 2011 WL 10483569, \*14 (E.D.Cal. 2011) ("[a] lodestar cross-check is not required in this circuit, and in a case such as this, is not a useful reference point"); Glass v. UBS Financial Services, Inc., 2007 WL 221862, at \*15 (N.D. Cal. 2007) ("The Ninth Circuit has held that the Court may, but is not required to, compare the lodestar and the 25% benchmark to determine if the 25% benchmark results in an inappropriately high or low fee").

Considering the results achieved, the time expended, the risk of litigation, the skill required, the quality of work, the contingent nature of the fee, the financial burden carried by Class Counsel, and awards made in similar cases, the Court finds that the requested attorneys' fee award is reasonable. The Court therefore grants Class counsel's request for \$24,321,204 in attorneys' fees to be awarded from the Common Fund.

### **B.** Litigation Costs

Plaintiff requests \$62,214.50 in litigation costs. "Reasonable costs and expenses incurred by an attorney who creates or preserves a common fund are reimbursed proportionately by those class members who benefit by the settlement." <u>In re Media Vision Tech. Sec. Litig.</u>, 913 F. Supp. 1362, 1366 (N.D. Cal. 1996). However, an expense that should be considered part of the attorneys' overhead, and therefore included within an award of attorneys' fees, should not be characterized as a litigation expense

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and recovered as a cost item. Id. ("An award of out of-pocket expenses should be limited to those expenses customarily billed to a fee-paying client.").

Class Counsel has filed a declaration itemizing the costs sought as follows: \$1,233.63 in filing fees; \$11,750.00 for mediation; \$41,994.50 for expert data analysis; \$2,902.92 for service of class notice; and \$4,813.34 for travel. (Stevens Decl., ¶40).

The Court determines the requested litigation costs are reasonable. Accordingly, the Court awards \$62,214.50 in litigation costs.

### III. PLAINTIFF'S INCENTIVE AWARD

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Plaintiff also requests an incentive award of \$100,000.00 for class representative Jacqueline Ibarra. Class representatives are eligible for reasonable incentive payments. See Staton v. Boeing Co., 327 F.3d 938, 977 (9th Cir. 2003); Rodriguez v. W. Publ'g Corp., 563 F.3d 948, 958-59 (9th Cir. 2009). However, the district court must evaluate such awards individually to detect "excessive payments to named class members" that may indicate that "the agreement was [\*10] reached through fraud or collusion." Id. at 975; Radcliffe v. Experian Info. Sols., Inc., 715 F.3d 1157, 1164 (9th Cir. 2013) ("We once again reiterate that district courts must be vigilant in scrutinizing all incentive awards to determine whether they destroy the adequacy of the class representatives."). Courts may consider the following criteria in determining whether to make an incentive award: (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 enjoyed by the class representative as a result of the litigation. Van Vranken v. Atl. Richfield Co., 901 F. Supp. 294, 299 (N.D. Cal. 1995). "Incentive awards are particularly appropriate in wageand-hour actions where plaintiffs undertake a significant 'reputational risk' by bringing suit against their former employers." Bellinghausen v. Tractor Supply Co., 306 F.R.D. 245, 267 (N.D.Cal. 2015).

As set forth in the Declaration of Class Counsel and the named plaintiff, Jacqueline Ibarra, Ms. Ibarra is the sole named plaintiff in this action. Ms. Ibarra risked significant reputational damage by initiating this action. Class Counsel spoke to several class members who applauded Ms. Ibarra for bringing this action and stated they would not have done so. (See Stevens Decl., ¶42). Notably, Ms. Ibarra also actively assisted counsel in this action, including conferences with counsel, assisting in the preparation of discovery responses, encouraging current and former co-workers to speak with counsel, providing declarations, sitting for depositions, and preparing for trial. (Ibarra Decl., ¶¶7-15.) Ms. Ibarra's declaration shows a high level of involvement. Moreover, Ms. Ibarra was also instrumental in the result achieved. (See Stevens Decl., ¶¶44).

The requested award of \$100,000.00 for the Class representative constitutes one tenth of one percent of the common fund amount. Here, Plaintiff has been involved in the litigation of this dispute since seeking legal counsel over a year and a half ago. (Ibarra Decl., ¶¶7-15.) Plaintiff attests that she has spent more than 100 hours on this case. (Id. at ¶15.) During this time, Plaintiff has discussed Defendants' policies, procedures, and practices for calculating hours worked with Class Counsel; gathered and produced documents; responded to Class Counsel's communications; attended mediation; and discussed the Settlement Agreement with Counsel. (See id. at ¶ 7-15). Plaintiff believes that serving as a named plaintiff against her former employer could cause her to face repercussions from future employers. (See Id. at ¶ 8.) In addition, Plaintiff faced a risk of liability for litigation costs if the suit were unsuccessful. (See Id. at ¶5). Based on these facts, the Court finds an incentive award of \$100,000.00 reasonable.

### IV. CONCLUSION

For the foregoing reasons, the Court grants Class Counsels' Motion for Award of Attorneys' Fees and awards \$24,321,204 in attorney fees and \$62,214.50 in costs to be paid from the common fund. Additionally, the Court grants Plaintiff's Motion for an Incentive Award in the amount of \$100,000.00 to be paid from the common fund.

Gase 2:17-cv-04344-PA-AS Document 62-5 Filed 06/18/18 Page 13 of 13 Page ID #:1475