

1 Derek W. Loeser, *admitted pro hac vice*
2 Gretchen Freeman Cappio, *admitted pro hac vice*
3 KELLER ROHRBACK L.L.P.
4 1201 Third Avenue, Suite 3200
5 Seattle, WA 98101-3052
6 (206) 623-1900; Fax: (206) 623-3384
7 dloeser@kellerrohrback.com
8 gcappio@kellerrohrback.com

9 Jeffrey Lewis (Bar No. 66587)
10 KELLER ROHRBACK L.L.P.
11 300 Lakeside Drive, Suite 1000
12 Oakland, CA 94612
13 (510) 463-3900; Fax: (510) 463-3901
14 jlewis@kellerrohrback.com

15 *Attorneys for Plaintiffs*

16 UNITED STATES DISTRICT COURT
17 NORTHERN DISTRICT OF CALIFORNIA
18 SAN FRANCISCO DIVISION

19 SHAHRIAR JABBARI and KAYLEE
20 HEFFELFINGER, on behalf of themselves and all
21 others similarly situated,

22 Plaintiffs,

23 v.

24 WELLS FARGO & COMPANY AND WELLS
25 FARGO BANK, N.A.,

26 Defendants.

No. 15-cv-02159-VC

**PLAINTIFFS' NOTICE OF MOTION,
MOTION, AND MEMORANDUM IN
SUPPORT OF MOTION FOR FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT**

Date: March 22, 2018

Time: 10:00 a.m.

Courtroom: 4, 17th Floor

Judge: Hon. Vince Chhabria

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SHORT CITATION FORMS FOR FILINGS

FULL TITLE OF THE FILING	CITATION OF FILING
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Complaint, May 13, 2015	ECF 1
Consolidated Amended Complaint, July 30, 2015	ECF 37
Order Granting Defendants' Motions to Compel Arbitration, September 23, 2015	ECF 69
Declaration of Derek W. Loeser in Support of Plaintiffs' Motion for Final Approval of Class Action Settlement, Certification of a Settlement Class, Service Awards, and Fee/Cost Award	Loeser Decl.
Order Re Motion for Final Approval, May 24, 2017	ECF 155
Order Granting Motion for Preliminary Approval, Denying Motions to Intervene, July 8, 2017	ECF 165
Declaration of Shannon R. Wheatman, Ph.D., on the Implementation and Adequacy of the Class Notice Program	Wheatman Decl.
Declaration of Lynn A. Baker in Support of Plaintiffs' Notice of Motion, Motion, and Memorandum in Support of Motion for Final Approval of Class Action Settlement	Baker Decl.
Declaration of Edward M. Stockton in Support of Plaintiffs' Motion for Final Approval of Class Action Settlement	Stockton Decl.
Rebuttal Declaration of Edward M. Stockton in Support of Motion for Preliminary Approval of Class Action Settlement and for Certification of a Settlement Class, May 11, 2017, ECF 134	Stockton Rebuttal Decl.
Plaintiffs' Brief in Support of Amended Settlement Agreement and in Response to Order on Motion for Preliminary Approval, June 13, 2017	ECF 160

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1 **NOTICE OF MOTION AND MOTION**

2 **TO ALL PARTIES AND COUNSEL OF RECORD:**

3 PLEASE TAKE NOTICE that on March 22, 2018 at 10:00 a.m., or at such other date as may be
4 agreed upon, in Courtroom 4 of the United States District Court for the Northern District of California,
5 located at 450 Golden Gate Avenue, San Francisco, California, Plaintiffs, on behalf of a proposed
6 Settlement Class¹ (or “Class”), will and hereby do move for an order granting final approval of the
7 Settlement, and for other relief explained in the accompanying Memorandum.
8

9 **MEMORANDUM OF POINTS AND AUTHORITIES**

10 **I. INTRODUCTION**

11 This Class Settlement arises from Wells Fargo’s creation of millions of unauthorized deposit and
12 credit accounts. It addresses that scheme by providing the Class with relief that is simultaneously
13 comprehensive and customized.
14

15 Quantitatively, the Settlement guarantees complete relief, and more, to the Class. It guarantees
16 that full Compensatory Damages will be paid to Class members for identifiable unreimbursed fees and
17 damage to their credit, with at least \$25 million left over for Non-Compensatory Damages. If the \$142
18 million Settlement Fund should fall short, Wells Fargo must make up the difference.

19 Qualitatively, the Settlement provides relief that is tailored to the particular circumstances of
20 each Class member. Where Wells Fargo’s scheme lowered an eligible Class member’s credit score, the
21 Settlement accounts for how much that specific score fell. It also accounts for how that score increased
22 the probable cost of borrowing for each eligible Class member, given the particular kind and amount of
23 credit that each took out. This expert-designed, customized method of calculating Credit Impact
24 Damages is, to Class Counsel’s knowledge, unprecedented. Further details on Credit Impact Damages
25 can be found in the interim report that Plaintiffs are filing along with this Motion in accordance with the
26
27

28 ¹ The capitalized terms in this Motion have the meanings ascribed to them in the Amended Stipulation
and Agreement of Class Action Settlement and Release, unless otherwise indicated.

1 Court's orders. *See* Stockton Decl.

2 The risks of continued litigation also favor this proposed Settlement. If litigation had continued,
 3 Plaintiffs would have faced formidable legal challenges. Some would have arisen from the federal law
 4 of arbitration. Others would have arisen from the need to present classwide proof of whether accounts
 5 were unauthorized—not an easy proposition, and yet required to certify a class. Particularly in light of
 6 these challenges, the relief that the proposed Settlement provides is exceptional.

7
 8 For these reasons, as well as the others given below, Plaintiffs respectfully request that the Court
 9 certify the Settlement Class and give final approval to the Settlement.

10 II. BACKGROUND

11 A. A Short History of This Case

12 Plaintiffs Shahriar Jabbari and Kaylee Heffelfinger filed this proposed nationwide class action
 13 against Wells Fargo² in mid-2015, alleging that Wells opened checking, savings, and credit card
 14 accounts without customer consent. ECF 1, 37. Shortly thereafter, Wells moved to compel arbitration,
 15 invoking an arbitration clause in an agreement that Plaintiffs signed when they opened legitimate
 16 accounts at Wells Fargo. The Court granted the motion and dismissed the case in September 2015. ECF
 17 69.
 18

19 After Plaintiffs filed an appeal, the parties, assisted by Ninth Circuit Mediator Ann Julius, began
 20 to exchange information and discuss a possible settlement. Loeser Decl. ¶ 29. They later engaged retired
 21 U.S. District Court Judge Layn Phillips to assist with further settlement discussions, which lasted far
 22 beyond the parties' September 2016 announcement of a settlement in principle. *See id.* ¶¶ 30–36, 40–43.
 23 After the negotiations hit an impasse on the settlement amount in March 2017, Judge Phillips made a
 24 mediator recommendation of \$110 million that both sides accepted. *Id.* ¶ 40. Under this agreement in
 25 principle, the Class Period was to run from 2009 to 2017. *Id.*
 26
 27

28 ² The Defendants—the holding company Wells Fargo & Co. and its banking subsidiary Wells Fargo, N.A.—are referred to collectively as “Wells” or “Wells Fargo.”

1 Even after this initial agreement, Class Counsel—based on new information and confirmatory
2 discovery—continued pushing Wells to expand the Class Period and to provide additional
3 compensation. *Id.* ¶¶ 42-43. With more assistance from Judge Phillips and co-mediator Michelle
4 Yoshida, the parties extended the Class Period back to May 2002 and increased the settlement to a total
5 of \$142 million. *Id.* ¶ 43.

6
7 The parties sought preliminary approval of their settlement in April 2017. After written questions
8 from the Court, supplemental briefing, and a hearing that included the parties and several objectors,³ the
9 Court issued an order stating that it was “inclined to grant the motion for preliminary approval” if the
10 parties modified the settlement agreement to address issues discussed at the Preliminary Approval
11 Hearing. ECF 155 at 1. The parties submitted an amended settlement agreement to which the Court gave
12 preliminary approval in July 2017. ECF 165.

13 **B. The Terms of the Settlement**

14 **1. Class definition and notice**

15 The Settlement Class is defined as all persons for whom Wells Fargo or its subsidiaries, affiliates
16 or agents “opened an Unauthorized Account or submitted an Unauthorized Application” from May 1,
17 2002 through April 20, 2017, as well as all persons “who obtained Identity Theft Protection Services
18 from Wells Fargo” during that period.⁴ SA ¶ 2.53. To notify the Class, the Settlement called for, and
19 Kinsella Media has directed, a comprehensive multimedia notice campaign, including email notice to
20 current and former Wells Fargo customers who are potential Class members. *See generally* Wheatman
21 Decl.
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26 _____
27 ³ See Order Requesting Further Briefing, ECF 141; Pls.’ Suppl. Br. in Resp. to Court Inquiries, ECF
145; Defs.’ Suppl. Mem. in Supp. of Pls.’ Mot. for Prelim. Approval, ECF 146; Minute Entry, ECF
152.

28 ⁴ The usual persons are excluded: Defendants’ officers, directors, and employees; judges and court staff
assigned to this case, along with their immediate family members; and all opt-outs. SA ¶ 2.53.

1 **2. Settlement benefits**

2 The Settlement Fund. The Settlement creates a nonreversionary \$142 million Settlement Fund to
3 pay benefits, fees, and costs. Under certain conditions, described in more detail below, Wells Fargo must
4 add to the Settlement Fund.

5 The two pools within the Settlement Fund. After fees, costs, and expenses are deducted from the
6 Settlement Fund, the resulting Net Settlement Fund is divided into two pools. Net Settlement Pool 1,
7 which will be 77.46% of the Net Settlement Fund, will go to pay damages related to the period running
8 from January 1, 2009 through April 20, 2017 (the “2009-2017 period”). SA ¶ 2.38. Net Settlement Pool
9 2, representing the rest of the Net Settlement Fund, will go to pay damages related to the period running
10 from May 1, 2002 through December 31, 2008 (the “2002-2008 period”). SA ¶ 2.39. Drawing on a legal
11 ethics expert’s advice, Plaintiffs negotiated the creation of these two pools to prevent any potential
12 intraclass conflict. Baker Decl. ¶¶ 20-22. That potential conflict arose from the history of the parties’
13 negotiations. Wells Fargo and Plaintiffs first reached a \$110 million settlement to cover the 2009-2017
14 period. Then, when Class Counsel had sufficient information to assert that Wells Fargo’s misconduct
15 reached back to 2002, the parties agreed to extend the Settlement to 2002, with an additional \$32 million
16 reserved to cover the 2002-2008 period. Loeser Decl. ¶¶ 42–43. In negotiating for this additional
17 amount, Class Counsel’s guiding objective was to ensure that an expanded settlement would not harm
18 the group that Class Counsel was already representing: Class members with claims from the 2009-2017
19 period. Class Counsel therefore reserved the already negotiated \$110 million (minus proportional fees,
20 costs, and expenses) as a pool just to cover the 2009-2017 period, and negotiated a separate pool for the
21 2002-2008 period. *See generally* Baker Decl.

22 Fee Damages. Because Wells Fargo has records showing the fees for Unauthorized Accounts
23 opened during the 2009-2017 period, the Settlement will refund all unreimbursed fees arising from
24 unused accounts during that period. SA ¶ 9.7.2. By contrast, Wells Fargo lacks records indicating the
25 fees for Unauthorized Accounts opened during the 2002-2008 period, so it is impossible to precisely
26
27
28

1 quantify those fees. Thus, for this period, Fee Damages for each affected Unauthorized Account will
2 equal the average Fee Damages payment for the 2009-2017 period. *Id.* That average payment will be
3 calculated by dividing the total 2009-2017 Fee Damages by the number of claimants claiming
4 unreimbursed fees for that period.

5
6 Credit Impact Damages. The Settlement also compensates the Class for damage to its credit,
7 using an expert-designed and -directed method. *See generally* Stockton Decl. The method accounts for
8 how Class members' credit scores fell due to unauthorized credit cards, lines of credit, and small
9 business deposit accounts, or unauthorized applications for credit cards, lines of credit, and small
10 business deposit accounts.⁵ Stockton Decl. ¶ 37. Incorporating data from the Consumer Reporting
11 Agencies, it measures how credit scores fell due to Delinquency or Derogatory Reports (DDRs), which
12 are derogatory credit reports caused by Unauthorized Accounts. *Id.* ¶ 40. Using this measurement, the
13 method then determines the probable increase in borrowing costs that the Class member suffered if he or
14 she thereafter took out credit (e.g., an auto loan). *Id.* ¶ 42. For Class members to recover Credit Impact
15 Damages, they must have taken out credit either within a year after an Unauthorized Account's opening
16 or an Unauthorized Application's submission, or within seven years after a Consumer Reporting Agency
17 has received a DDR. SA ¶ 9.7.1.2. The Credit Impact Damages expert has established these time limits
18 because an Unauthorized Account or Unauthorized Application is unlikely to significantly affect credit
19 scores beyond a year, *see* Stockton Rebuttal Decl. ¶¶ 5-6, and a DDR remains on credit reports for up to
20 seven years, *see* ECF 160 at 2. The Court-ordered interim report on Credit Impact Damages takes the
21 form of a Declaration, filed contemporaneously with this Motion, from Edward M. Stockton, the Credit
22 Impact Damages Expert.

23
24
25 Non-Compensatory Damages. After allocating Fee Damages and Credit Impact Damages—
26 which together comprise the Settlement's Compensatory Damages—the Settlement pays Non-

27
28 ⁵ Credit Impact Damages focus on these accounts and applications because they were the only
Unauthorized Accounts or Unauthorized Applications for which a hard credit pull was made. The
compensation process described here applies to credit products that were unused and unactivated.

1 Compensatory Damages out of the remaining money. The remainder of Net Settlement Pool 1 is paid
2 *pro rata* as Non-Compensatory Damages, according to each Class member's share in the number of
3 2009-2017 Unauthorized Accounts and Unauthorized Applications. SA ¶ 9.8.1. Then, the same per-
4 Account or per-Application amount as was allocated for the 2009-2017 period is allocated out of Net
5 Settlement Pool 2 for each 2002-2008 Unauthorized Account and Unauthorized Application. SA ¶ 9.8.2.
6 For example, if each Unauthorized Account or Application from the 2009-2017 period was allocated
7 \$10, each Unauthorized Account or Application from the 2002-2008 period will also be allocated \$10.
8 If, after that allocation, Net Settlement Pool 2 still has funds left, the balance is allocated *pro rata* as
9 further Non-Compensatory Damages to the entire Class, according to the total classwide number of
10 Unauthorized Accounts and Unauthorized Applications. *Id.* If, on the other hand, Net Settlement Pool 2
11 lacks the funds to pay the same per-Account or per-Application amount as was allocated for the 2009-
12 2017 period, its remaining funds are instead allocated *pro rata* according to the number of 2002-2008
13 Unauthorized Accounts and Unauthorized Applications. SA ¶ 9.8.3. Non-Compensatory Damages for
14 the 2002-2008 period are allocated in this way to ensure that the expansion of the Settlement back to
15 2002 only benefits, and does not harm, Class members already covered by the initial 2009-2017
16 settlement period. *See generally* Baker Decl. For the purpose of calculating Non-Compensatory
17 Damages, authorized enrollment in Identity Theft Protection Services is counted as one Unauthorized
18 Account.
19
20
21

22 Guarantee of more than full compensation. The Settlement guarantees that Net Settlement Pool
23 1 will pay Fee Damages and Credit Impact Damages for the 2009-2017 period and still leave at least
24 \$19,366,000 for Non-Compensatory Damages, and that Net Settlement Pool 2 will pay Fee Damages
25 and Credit Impact Damages for the 2002-2008 period and still leave at least \$5,634,000 for Non-
26 Compensatory Damages. If either Net Settlement Pool turns out to lack sufficient funds, Wells Fargo is
27 obligated to make up the difference. SA ¶ 9.9.
28

1 If there are more Unauthorized Accounts than assumed. In the negotiations leading up to the
2 Settlement to which the Court gave preliminary approval, Plaintiffs operated under the assumption that
3 Class members would submit claims for a maximum of 3.5 million Unauthorized Accounts. Since
4 preliminary approval, however, the parties modified the Settlement in case that number turns out to be
5 higher. If the number is higher, the guaranteed “cushions” for Non-Compensatory Damages—
6 \$19,366,000 for Net Settlement Pool 1 and \$5,634,000 for Net Settlement Pool 2—will be increased
7 proportionately, according to how much higher than 3.5 million the number turns out to be. *See* ECF 176
8 at 3; Proposed Order Granting Final Approval of Settlement ¶¶ 15-16.

9
10 Credit reporting corrections. The Settlement also requires Wells Fargo to ask Consumer
11 Reporting Agencies to suppress credit inquiries or Delinquency or Derogatory Reports related to certain
12 Unauthorized Accounts and Unauthorized Applications. SA ¶ 9.10.

13
14 Early Warning Services corrections. Negative reports from Early Warning Services (EWS), a
15 consumer reporting agency that functions as a credit bureau for deposit accounts, may lead banks to
16 deny customers a deposit account. Under the Settlement, Wells will contact EWS and ask that negative
17 information related to an unauthorized consumer deposit account be removed. SA ¶ 9.11.

18 **3. The Claims process**

19 The Settlement has made every effort to simplify the Claims process. When Wells Fargo has a
20 record of Class members who previously complained to Wells Fargo or federal agencies about
21 Unauthorized Accounts, these Class members have been automatically enrolled in the Settlement (and
22 hence are called “Automatically-Enrolled Claimants”). The claim forms for all Class members have also
23 been kept as simple as possible. *See, e.g.*, ECF 162-9. Indeed, where persons with potential
24 Unauthorized Accounts have already been identified by Wells Fargo’s consultant (“Consultant-
25 Identified Persons”), claim forms for these Class members have been prepopulated with the accounts
26 that PwC identified. *See* ECF 162-6. Claim forms can be submitted through the mail or on the
27 Settlement Website. SA ¶ 9.15.
28

1 As of January 17, 2018, the Settlement Administrator has received a total of 165,774 claims
2 through the Settlement Website or the mail. This includes 9,709 claims from Automatically-Enrolled
3 Claimants, 106,352 claims from Consultant-Identified Persons, and 49,701 claims from other persons.
4 Botzet Decl. ¶ 16.

6 **4. Fees, costs, and service awards**

7 The Settlement provides for a limited category of expenses—roughly speaking, those related to
8 Notice and the Settlement Administrator—to be paid out of the Settlement Fund. SA ¶¶ 2.37, 2.42.
9 Separate and apart from the Settlement Fund, Wells Fargo has agreed to cover certain costs of notice,
10 settlement administration, and credit impact damages assessment. It has agreed to pay the cost of
11 engaging the Consumer Reporting Agencies to conduct their respective tasks in connection with the
12 analysis of Credit Impact Damages; up to \$1 million of the cost of conducting the expert analysis
13 necessary to calculate Credit Impact Damages; \$1 million toward the increased cost of mailing notice by
14 envelope to Consultant-Identified Persons; and certain call center costs related to management, training,
15 and live support. *See* Loeser Decl. ¶ 87; SA ¶ 2.16.

17 Although the Settlement authorizes an award of fees equal to 25% of the Settlement Fund, SA ¶
18 6.2, Class Counsel is petitioning this Court for a 15% award, well below the Ninth Circuit’s 25%
19 “benchmark” for class settlements. *In re Online DVD-Rental Antitrust Litig.*, 779 F.3d 934, 949 (9th Cir.
20 2015). The Settlement also authorizes—and Class Counsel requests—an award of \$5,000 as a service
21 award to each Named Plaintiff. SA ¶ 6.2. The service awards are amply justified for their contributions
22 to the successful result of this litigation, as described in their declarations. *See* ECF 103 104, 105, and
23 112.

25 **5. Released Claims**

26 The Settlement provides that Class members are releasing only those claims that are based on the
27 identical factual predicate as the claims asserted in this action. SA ¶ 2.50.
28

III. THE SETTLEMENT CLASS SHOULD BE CERTIFIED

When it granted preliminary approval to the proposed Settlement, the Court concluded that the Settlement Class satisfied the four prerequisites of Rule 23(a), and that it also met the requirements for certification under Rule 23(b)(3). ECF 165 at 9-10. Since then, the Class definition has not changed, and final certification should be granted. Plaintiffs' arguments on certification will be brief, to prevent the needless repetition of arguments previously made. *See* Mot. 19-23.

A. The Class Satisfies the Rule 23(a) Prerequisites

Rule 23(a) establishes four prerequisites for class certification: numerosity, commonality, typicality, and adequacy. *See* Fed. R. Civ. P. 23(a). Each is satisfied here.

Numerosity is satisfied because the Class contains far more than forty members. *See, e.g., Slaven v. BP Am., Inc.*, 190 F.R.D. 649, 654 (C.D. Cal. 2000). Plaintiffs have estimated that the Class contains approximately 2.73 million people. ECF 145 at 3.

Commonality is satisfied. The Class members share common questions of law and fact that derive from Wells Fargo's common course of conduct, i.e., its systematic drive to increase the number of accounts per customer. *See, e.g., In re Volkswagen "Clean Diesel" Mktg., Sales Practices, & Prods. Liab. Litig.*, MDL No. 2672 CRB, 2017 WL 672727, at *13 (N.D. Cal. Feb. 16, 2017) ("The Settlement Class Representatives satisfy the commonality requirement, as their claims arise from Volkswagen's common course of conduct.").

Typicality is satisfied. Just as for other Class members, Wells Fargo opened accounts for the Named Plaintiffs without their consent. They thus suffered a similar injury as other Class members, and were injured by the same kind of conduct. *See Parsons v. Ryan*, 754 F.3d 657, 685 (9th Cir. 2014) (determining typicality was satisfied because the named plaintiffs alleged "the same or [a] similar injury" as the rest of the class, an injury that was "a result of a course of conduct that is not unique to any of them" (quotation marks omitted)).

1 Adequacy is satisfied for two reasons. First, the Named Plaintiffs do not “have any conflicts of
2 interest with other class members.” *Staton v. Boeing*, 327 F.3d 938, 957 (9th Cir. 2003). Their interests
3 align with that of the Class as a whole: showing that Wells Fargo opened Unauthorized Accounts in
4 their names and ensuring that they receive damages (actual and statutory) for that misconduct. *See also*
5 Reply at 10-12, 13-15 (explaining why there is no intraclass conflict). Second, the Named Plaintiffs and
6 Class Counsel have prosecuted—and will prosecute—this action “vigorously on behalf of the Class.”
7 *Staton*, 327 F.3d at 957. The Named Plaintiffs understand the nature of this case, their duties as Class
8 representatives, and have actively participated in the litigation and the Settlement. Heffelfinger Decl. ¶¶
9 4–5; Jabbari Decl. ¶ 5; Rodriguez Decl. ¶ 7; Brooks Decl. ¶ 6. Class Counsel, experienced attorneys
10 with a track record of success, have demonstrated their commitment to the Class by continually pushing
11 to obtain the best results possible for the Class. *See supra* pp. 2–3.
12
13

14 **B. The Class Satisfies the Rule 23(b)(3) Requirements**

15 Final certification under Rule 23(b)(3) is proper because (1) common questions of law and fact
16 predominate over individual ones and (2) a class action is superior to other available methods for fairly
17 and efficiently adjudicating this controversy.

18 Common factual and legal questions predominate over individual ones. Common factual
19 questions predominate because Plaintiffs’ claims arise from Wells Fargo’s common course of conduct.
20 *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1022-23 (9th Cir. 1998). Common legal questions
21 predominate because Plaintiffs rely primarily on a claim arising under a federal statute—the Fair Credit
22 Reporting Act (FCRA), 15 U.S.C. §§ 1681–1681x—rather than many different state-law claims. *See,*
23 *e.g., Murray v. GMAC Mortg. Corp.*, 434 F.3d 948, 953 (7th Cir. 2006).
24

25 A class action is superior to other modes of adjudication. The amount of “actual financial harm
26 suffered by the class members” is “low,” ECF 165 at 3; *see also* ECF 145 at 8-9, which means the
27 “realistic alternative” to a class action is “zero individual suits” or arbitrations, *Carnegie v. Household*
28 *Int’l, Inc.*, 376 F.3d 656, 661 (7th Cir. 2004). The availability of punitive damages does not change this

1 fact. As courts have observed, it is typically the size of actual damages that motivate a layperson to
 2 litigate or arbitrate. *See id.*; *Butler v. Sears, Roebuck & Co.*, 727 F.3d 796, 801 (7th Cir. 2013). Thus,
 3 “there is no reasoned basis to conclude that the fact that an individual plaintiff can recover attorney’s
 4 fees in addition to statutory damages of up to \$1,000 will result in enforcement of FCRA by individual
 5 actions.” *Stillmock v. Weis Markets, Inc.*, 385 F. App’x 267, 274 (4th Cir. 2010).

7 IV. THE SETTLEMENT MERITS FINAL APPROVAL

8 A class action settlement cannot become binding unless the presiding court determines that it is
 9 “fair, reasonable, and adequate.” Fed. R. Civ. P. 23(e)(3). In coming to that determination, courts
 10 balance a number of factors:

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

15 *Cotter v. Lyft, Inc.*, 193 F. Supp. 3d 1030, 1035 (N.D. Cal. 2016) (quoting *Hanlon*, 150 F.3d at 1026). In
 16 addition, when, as here, a proposed settlement class is certified under Rule 23(b)(3), the class must be
 17 given “the best notice that is practicable under the circumstances,” and the substance of that notice must
 18 comply with Rule 23(c)(2)(B).

19 The Settlement in this Action satisfies all of these requirements.

21 A. The Claims that Plaintiffs Can Assert are Strong on their Merits, if Limited in their 22 Number

23 Plaintiffs’ case has a strong factual foundation: Wells Fargo has publicly admitted that its
 24 employees opened accounts without its customers’ authorization, and its consultant has identified 3.5
 25 million potentially unauthorized accounts. These facts give rise to strong claims.

26 Plaintiffs continue to believe that Wells would face substantial liability under FCRA if they
 27 could pursue their claims through a class action. As Plaintiffs have noted, a jury could award a
 28 maximum of \$600 million in statutory FCRA damages for all misuses of credit reports within the five

1 years before this action. *See* Mot. at 15; *see also* 15 U.S.C. § 1681p (five-year statute of repose). Note,
2 however, that this figure assumes that statutory damages of \$1,000 are awarded per account. The
3 statutory language, however, *see* 15 U.S.C. § 1681n(a)(1)(B), could allow Wells Fargo to argue that
4 damages are calculated per affected Class member, in which statutory damages would be less than \$600
5 million. *See also* Mot. at 15. Punitive damages would also be available, to be awarded in the discretion
6 of the factfinder.
7

8 Plaintiffs could also assert strong claims for breach of contract, or, in the alternative, for unjust
9 enrichment. Under these claims, actual damages would be available, but probably could not be stacked
10 on top of the damages available under FCRA or state consumer protection laws. *See* Reply at 5-6.
11 Punitive damages are not available for breach of contract or unjust enrichment. ECF 145 at 10.
12

13 In addition, Plaintiffs likely have strong claims under at least some state consumer protection
14 laws. Assuming generously that each Class member who has been charged unauthorized fees could
15 recover under one of these laws, and that treble damages are available for each, the Class's maximum
16 recovery would be \$12.6 million. Reply at 10. Consumer protection law claims, however, do have one
17 drawback that FCRA or common law claims do not: variations among state laws could impede
18 certification of a nationwide class. *See In re Bridgestone/Firestone, Inc.*, 288 F.3d 1012, 1017-18 (7th
19 Cir. 2002).
20

21 Class Counsel have also considered the viability of other claims. In our view, however, any
22 possible recovery under those claims must be greatly reduced to account for their substantial
23 weaknesses. Before preliminary approval, the Court heard arguments about the viability and value of
24 claims under state identity-theft statutes. As Plaintiffs observed then, only twenty states allow private
25 civil actions for identity theft. Reply at 4. Of those, ten authorize recovery only of actual damages,
26 which would probably overlap with the damages already recoverable under FCRA or common-law
27 claims. Reply at 4. Identity-theft statutes from the remaining ten states allow statutory damages, but they
28 all require proof of purpose or intent—proof that might be harder to come by and that could also stymie

1 class certification. *Id.* at 4-5. It is unclear, moreover, whether statutory damages under these state laws
2 could be stacked on top of FCRA statutory damages. *Id.* at 5-6.

3 This Court has also heard arguments about possible claims under the Stored Communications
4 Act (SCA), or the Racketeer Influenced and Corrupt Organizations Act (RICO). As Plaintiffs explained
5 before preliminary approval, it is improbable that the Class could assert viable claims under the SCA or
6 RICO. Reply at 7-8, 9; *see also* ECF 165 at 3 (describing such claims as “dubious”).

8 **B. Further Litigation or Arbitration Would be Uncertain**

9 **1. Further litigation on the delegation issue would be risky**

10 If this Action were not to settle, much of its future would turn on the broad arbitration clause in
11 Wells Fargo’s Customer Account Agreement. According to Wells Fargo, that clause does not just
12 foreclose class actions and require the merits of Plaintiffs’ claims to be arbitrated individually. Wells
13 also argues that the arbitration clause’s delegation provision invests an arbitrator rather than a court with
14 the foundational power to decide arbitrability—i.e., whether a valid arbitration clause exists at all, or
15 whether it covers Plaintiffs’ claims.
16

17 For arbitrability decisions to be delegated to an arbitrator rather than a court, the delegation must
18 be “clear and unmistakable.” *First Options of Chicago, Inc. v. Kaplan*, 514 U.S. 938, 944 (1995)
19 (quotation marks, citation, and alteration omitted). Precedent might make it difficult for Plaintiffs to
20 argue, on purely textual grounds, that the delegation provision here is not clear and unmistakable. *See*
21 *Stipanowich Decl.* ¶¶ 24–25.
22

23 Thus, Plaintiffs would have to argue that the delegation provision is invalid or unconscionable.
24 To be considered, however, any argument must challenge the delegation provision specifically. *Rent-A-*
25 *Center W., Inc. v. Jackson*, 561 U.S. 63, 70–72 (2010). Here, Plaintiffs would likely argue that the
26 agreement to delegate arbitrability to the arbitrator was invalidated both by Plaintiffs’ ignorance and
27 Wells Fargo’s concealment of its practice of opening Unauthorized Accounts—i.e., by Plaintiffs’
28 unilateral mistake and Wells Fargo’s fraudulent inducement, which in this case are two sides of the same

1 coin. *See* Mot. at 8. On unconscionability, Plaintiffs would need to argue that the delegation provision is
 2 procedurally unconscionable due to Wells’ secret creation of Unauthorized Accounts, and substantively
 3 unconscionable because it “insulat[es] Wells Fargo’s widespread fraudulent and illegal activities from
 4 class action or judicial review.” *Mitchell v. Wells Fargo Bank*, No. 2:16-CV-00966-CW, 2017 WL
 5 5905535, at *21 (D. Utah Nov. 29, 2017); *see also* Mot. at 9.

6
 7 Plaintiffs would face the risk, however, that courts would hold that these arguments for invalidity
 8 or unconscionability attack the arbitration agreement as a whole, rather than just the delegation
 9 provision, and thus cannot be considered. *See* Stipanowich Decl. ¶¶ 27, 28. There is considerable
 10 uncertainty in the courts about just what it means to attack a delegation provision specifically. One
 11 district court, considering arguments against Wells Fargo’s delegation provision like the ones canvassed
 12 above, ruled that they were not “sufficiently specific” to the delegation provision. *Jeffries v. Wells Fargo*
 13 *& Co.*, No. 2:16-CV-01987-LSC, 2017 WL 3149513, at *4 (N.D. Ala. July 25, 2017). Another district
 14 court recently ruled differently. *Mitchell*, 2017 WL 5905535, at *21.⁶ This disagreement illustrates the
 15 uncertainties that would confront further litigation.
 16

17 **2. Individual arbitrations of arbitrability would be risky and would, in any event,**
 18 **delay recovery**

19 If Plaintiffs were to fail in their challenge to the delegation provision, they would be required to
 20 engage in individual arbitration to determine arbitrability. The language of the arbitration clause may be
 21 broad enough to encompass the disputes here. *See* ECF 69 at 2 (observing that “the arbitration
 22 provisions in the plaintiffs’ customer agreements with Wells Fargo are broad”). Plaintiffs would thus
 23 need to advance arguments against the arbitration clause’s validity and conscionability—arguments
 24 similar to the ones discussed above. Although Plaintiffs believe these arguments to be compelling, their
 25

26 ⁶ It appears that the ruling in *Mitchell* was affected by the individual plaintiffs’ unique facts involving
 27 contract formation. *Mitchell*, 2017 WL 5905535, at *12-16; *see id.* at *20 (“The court concludes that
 28 factual questions exist regarding the formation of delegation agreements with the consumer account
 Plaintiffs.”). In any event, the court in *Mitchell* reserved ruling on Wells Fargo’s motion to compel
 arbitration, pending a summary trial. Since then, Wells Fargo has withdrawn its motion to compel
 arbitration, and the court has set a briefing schedule on Wells Fargo’s motion to dismiss.

1 success is not guaranteed, *see* Mot. at 10, and, in any event, recovery would be delayed, even by
2 arbitration that decided against arbitrability.

3 **C. Even if Plaintiffs Ultimately Defeated Wells Fargo’s Motion to Compel Arbitration,
4 Gaining Class Certification Would be Uncertain—and if Plaintiffs Were Sent to
5 Arbitration, a Proposed Class Might Face Further Challenges**

6 As the Court noted in its Order Granting Motion for Preliminary Approval (ECF 165), while the
7 enforceability of the arbitration clause may be doubtful, plaintiffs would face “significant risk” at class
8 certification. *Id.* at 2.

9 **1. Even if Plaintiffs were not sent to arbitration, trying to certify a nationwide class
10 would be risky**

11 If Plaintiffs defeated Wells Fargo’s attempt to compel arbitration, the next step would be class
12 certification. Plaintiffs strongly believe that Wells Fargo’s common course of misconduct would favor
13 class certification, even absent a settlement. Nevertheless, the kind of misconduct in which Wells Fargo
14 engaged might, perversely, allow Wells Fargo to argue against class treatment. Wells Fargo could argue
15 that adjudicating whether a particular account was unauthorized raises inherently individualized factual
16 issues.

17 Moreover, victory against Wells Fargo’s attempt to compel arbitration would itself spawn
18 possible barriers to class certification, since a finding of unconscionability, fraudulent inducement, or
19 mistake might supply Wells Fargo with ammunition to use against class certification. *See* Mot. at 10-11.

21 **2. If Plaintiffs were sent to arbitration, certifying a nationwide class might be difficult**

22 If Plaintiffs were sent to individual arbitrations pursuant to the delegation provision, the first
23 question for the arbitrators would be arbitrability. Again, a finding of unconscionability, fraud or
24 mistake could allow Wells Fargo, once back in court, to argue against class certification. More
25 fundamentally, if the arbitrators determined—for *any* reason—that the named Plaintiffs’ disputes are not
26 arbitrable, Wells Fargo could argue that a class could not be certified because the absent class members
27 had not yet gone to arbitration pursuant to the delegation provision. There is some risk that Wells Fargo
28

1 would be allowed to assert this defense against absent class members. *See* Stipanowich Decl. ¶¶ 30–34.
2 If it could, that defense would make it difficult for Plaintiffs to show that they were adequate class
3 representatives with typical claims, Fed. R. Civ. P. 23(a)(3), (4), or that common issues predominated,
4 *id.* 23(b)(3).
5

6 Nor would class certification become any easier if arbitrators determined that the Named
7 Plaintiffs’ disputes *are* arbitrable. Even if they prevailed on the merits in their individual arbitrations and
8 came back to this Court to confirm their awards, Wells Fargo could argue that it had a defense against
9 all absent Class members who had not yet arbitrated their claims in accordance with the arbitration
10 agreement. Such a defense, if allowed, would again make certification difficult.

11 **D. The Amount Offered in Settlement is More than Adequate**

12 If Plaintiffs could avoid arbitration and maintain a nationwide class through the end of trial, they
13 estimate that they could receive as much as \$600 million in compensatory and statutory damages. *See*
14 *supra* p. 12. Punitive damages would also be available, although it is inherently difficult to predict how
15 large they would be. For that reason, among others, courts generally do not account for punitive
16 damages when measuring the fairness of a proposed class action settlement. *See In re Volkswagen*
17 *“Clean Diesel” Mktg., Sales Practices, & Prods. Liab. Litig.*, MDL No. 2672 CRB, 2017 WL 2212783,
18 at *24 (N.D. Cal. May 17, 2017) (“[G]iven that any award of punitive damages is inherently speculative
19 and discretionary, courts regularly approve settlements that offer no or little compensation representing
20 the risk of a punitive damages award.” (quoting *In re Oil Spill by Oil Rig Deepwater Horizon*, 295
21 F.R.D. 112, 155 (E.D. La. 2013))); *accord, e.g., City of Detroit v. Grinnell Corp.*, 495 F.2d 448, 458-59
22 (2d Cir. 1974) (declining to consider the availability of treble damages in determining whether an
23 antitrust class action was fair), *abrogated on other grounds by Goldberger v. Integrated Res., Inc.*, 209
24 F.3d 43 (2d Cir. 2000); *Mangone v. First USA Bank*, 206 F.R.D. 222, 229 (S.D. Ill. 2001) (stating that
25 “[p]unitive damages are generally not appropriate in measuring the fairness of a proposed class action
26 settlement,” and citing cases).
27
28

1 The question, therefore, is whether the Settlement provides the Class with a favorable amount of
2 compensation, once the maximum recovery of approximately \$600 million is discounted by the
3 considerable risks that Plaintiffs would face in continued litigation. *See Cotter v. Lyft, Inc.*, 176 F. Supp.
4 3d 930, 935 (N.D. Cal. 2016) (“In determining whether the proposed settlement falls within the range of
5 reasonableness, perhaps the most important factor to consider is plaintiffs’ expected recovery balanced
6 against the value of the settlement offer.” (citation and quotation marks omitted)). Three considerations
7 suggest that the Settlement amount is highly favorable.
8

9 *First*, while the Settlement Fund currently stands at \$142 million, this amount is a floor rather
10 than a ceiling.⁷ If the current size of Net Settlement Pool 1 is insufficient to pay all 2009-2017
11 Compensatory Damages and still leave \$19,366,000 for Non-Compensatory Damages, Wells Fargo must
12 make up the difference. SA ¶ 9.9. Similarly, if the current size of Net Settlement Pool 2 is insufficient to
13 pay all 2002-2008 Compensatory Damages and still leave \$5,634,000 for Non-Compensatory Damages,
14 Wells Fargo must make up the difference. *Id.* And even *these* amounts are subject to upward adjustment
15 if there turn out to be more than 3.5 million Unauthorized Accounts compensated through the claims
16 process, which was the estimate the parties gave the Court at the preliminary-approval stage. If there are
17 more than 3.5 million Unauthorized Accounts, the guaranteed amount of Non-Compensatory
18 Damages—\$19,366,000 for Net Settlement Pool 1 and \$5,634,000 for Net Settlement Pool 2—will
19 increase in proportion to the amount by which the Unauthorized Accounts exceed 3.5 million. ECF 176
20 at 3; Proposed Order Granting Final Approval of Settlement ¶¶ 15-16.
21

22 *Second*, these provisions mean that claimants are guaranteed to receive all—indeed, *more* than—
23 the Compensatory Damages they sustained as a result of Wells Fargo’s actions. While there have been
24 some class action settlements that, as a practical matter, provide the class with more than its actual
25 damages, *see Dudum v. Carter’s Retail, Inc.*, No. 14-CV-00988-HSG, 2016 WL 7033750, at *4 (N.D.
26

27 ⁷ To be clear, Class Counsel believes it unlikely that Compensatory Damages will be high enough to
28 trigger the Settlement’s “guarantee” provisions. Nonetheless, the Settlement’s guarantees make the
Settlement worth *at least* \$142 million.

1 Cal. Dec. 2, 2016), Class Counsel have not encountered a settlement that provides a *formal guarantee*
2 that the class will be made more than whole. In that way, this Settlement may be unprecedented in the
3 relief it provides.

4 *Third*, even without the guarantee, a Settlement Fund of \$142 million represents a sensible
5 discount of the maximum \$600 million. Continued litigation would present two distinct kinds of risk.
6 First, there is a not insubstantial risk that Plaintiffs would be sent to individual arbitration. *See supra* pp.
7 13–14. Second, quite apart from—and probably more formidable than—that risk are the challenges that
8 Plaintiffs would face in gaining, and then maintaining, nationwide class certification. *See supra* pp. 15–
9 16. In light of these risks, \$142 million is well within the range of reasonableness for a class action
10 settlement in these circumstances.
11

12 **E. The Parties Have Reached their Settlement at an Appropriate Stage in the Proceedings**

13 This case did not reach the discovery stage, but “formal discovery is not a necessary ticket to the
14 bargaining table” if “the parties have sufficient information to make an informed decision about
15 settlement.” *In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d 454, 459 (9th Cir. 2000) (quotation marks and
16 citation omitted). Here, Class Counsel had sufficient information to make an informed decision. Before
17 and during litigation and continuing throughout settlement negotiations up until the present, Class
18 Counsel scoured public documents for factual information and persuaded Wells Fargo to supply still
19 more details under the protection of Federal Rule of Evidence 408. *See Loeser Decl.* ¶¶ 5–7; *see also In*
20 *re Mego*, 213 F.3d at 459 (holding “significant investigation, discovery and research” supported “district
21 court’s conclusion that the Plaintiffs had sufficient information to make an informed decision”). After
22 the Settlement was reached, Wells provided confirmatory discovery that has strengthened Class
23 Counsel’s conclusion that the Settlement is fair. *See Loeser Decl.* ¶¶ 7, 42, 50; *see also Hart v. Colvin*,
24 No. 15-CV-00623-JST, 2016 WL 6611002, at *8 (N.D. Cal. Nov. 9, 2016) (“While no formal discovery
25 has taken place, the parties exchanged some documents and information that allowed the parties to draft
26
27
28

1 and refine the terms of the Settlement Agreement, and Plaintiffs’ own investigation resulted in useful
2 documents[.]” (internal quotation omitted).

3 This kind of informal discovery was particularly appropriate given the Court’s grant of Wells
4 Fargo’s motion to compel arbitration. Indeed, if formal discovery were a prerequisite to settlement, then
5 no action could be settled on a classwide basis once a court granted a motion to compel arbitration.
6 Courts typically stay merits discovery when a motion to compel arbitration is pending. *See, e.g., Stiener*
7 *v. Apple Computer, Inc.*, No. 07-CV-4486-SBA, 2007 WL 4219388, at *1 (N.D. Cal. Nov. 29, 2007)
8 (staying discovery because if the “pending motion to compel arbitration is granted, litigation will
9 proceed in an arbitral forum, not in this Court.”). And once a motion to compel arbitration is granted,
10 there is no judicial mechanism to facilitate discovery. Here, extensive arm’s-length negotiations,
11 combined with diligent investigation and informal discovery, was enough to give Class Counsel the
12 information needed to make an informed decision about the Settlement.
13
14

15 **F. Experienced and Skilled Class Counsel Favor the Settlement**

16 Class Counsel are experienced class action lawyers who have litigated some of the country’s
17 largest consumer class actions. *See* Loeser Decl. ¶ 3 & Ex. A. Class Counsel engaged in arm’s-length
18 settlement discussions with Wells Fargo’s skilled counsel at Munger, Tolles & Olson. *See In re Netflix*
19 *Privacy Litig.*, No. 11-CV-00379-EJD, 2013 WL 1120801, at *4 (N.D. Cal. Mar. 18, 2013) (applying at
20 preliminary approval a “presumption” of fairness to settlement that was “the product of non-collusive,
21 arms’ length negotiations conducted by capable and experienced counsel”). These discussions,
22 moreover, were overseen by two professional mediators, Loeser Decl. ¶¶ 27, 30–36, 40, 51, whose
23 assistance further “confirms that the settlement is non-collusive.” *Satchell v. Fed. Express Corp.*, No.
24 03-CV-2659-SI, 2007 WL 1114010, at *4 (N.D. Cal. Apr. 13, 2007).
25

26 Class Counsel’s opinion should certainly carry weight where, as here, Class Counsel have
27 proved themselves to be committed advocates and fiduciaries for the Class. Even after the parties had
28 reached a settlement in principle, Class Counsel continued to press for additional relief for the Class. As

1 more information became available due to congressional hearings and their own investigations, Class
2 Counsel first expanded the time frame of the Settlement to reach back to 2002. Then, prompted by the
3 Court's Order Regarding Preliminary Approval (ECF 155), and after extensive additional negotiations,
4 Class Counsel secured an uncapped guarantee of Compensatory Damages, as well as a \$25 million
5 guarantee of Non-Compensatory Damages. And even after the Court issued its Preliminary Approval
6 Order, Class Counsel secured a promise from Wells Fargo to add to the Settlement Fund should the
7 number of validated Unauthorized Accounts ultimately be greater than had been estimated. In light of
8 Class Counsel's proven commitment to the Class, their recommendation weighs strongly in favor of
9 final approval. *See, e.g., In re Volkswagen "Clean Diesel" Mktg., Sales Practices, & Prods. Liab. Litig.*,
10 229 F. Supp. 3d 1052, 1067 (N.D. Cal. 2017).
11

12
13 **G. This Settlement Builds on Separate Settlements Between Government Entities and Wells Fargo**

14 The Los Angeles City Attorney, the Office of the Comptroller of Currency (OCC), and the
15 Consumer Financial Protection Bureau (CFPB), pursued separate, parallel litigation, and investigation,
16 respectively. The work of the government resulted in substantial penalties, and \$5 million of consumer
17 restitution. This Settlement does not affect Wells Fargo's obligations under those earlier settlements. SA
18 ¶ 9.6. The Settlement also provides substantially more relief for consumers—both because it covers a
19 broader period and because it creates a much larger fund for consumers.
20

21 **H. The Reactions of Class Members Have Been Positive**

22 The objection deadline is February 19, 2018, and thus, full consideration of Class member
23 reaction must necessarily wait until after that date. Nevertheless, to date, over 160,000 claims have been
24 filed in the Settlement, while only forty-five persons have opted out. Thus, out of the persons who have
25 responded to the Settlement thus far, about 0.03% have chosen to exclude themselves.
26
27
28

1 Likewise, to date, seven objections were submitted, but of these, three did not object to the
2 Settlement and now appear to be resolved, two did not explain the grounds of their objection and were
3 submitted along with opt-out requests, one lacks merit, and one does not appear to be an objection at all.

4
5 *Three objections that did not object to the Settlement and may now be resolved:* One of these
6 three objections expressed a misunderstanding of the Settlement and simultaneously submitted an opt-
7 out form. Loeser Decl. Ex. C1. (Subsequently, this Class member submitted two Claim Forms. *Id.*) Two
8 other objections—one submitted by a Class member on her own behalf, and the other submitted by that
9 same Class member on her mother’s behalf—did not appear to be objecting to the substance of the
10 Settlement. *See id.*, Exs. C2, C3. Because these three objections did not seem to be objecting to the
11 Settlement. Class Counsel reached out to the putative objectors, stating that they did not wish to interfere
12 with the Class members’ right to object, but simply wanted to answer any questions the Class members
13 might have. *Id.* ¶ 149. After conversations with Class Counsel, the Class members stated orally that they
14 wished to withdraw their objections, although none of these objectors has officially withdrawn their
15 objection in writing. *Id.* ¶ 148.

16
17 *Two objections that were submitted with opt-out letters and do not explain their objections:* Two
18 other objections were submitted along with requests for exclusion. *Id.*, Exs. C4, C5. Under the
19 Settlement Agreement, Class members who attempt to both object and opt out are deemed to be
20 excluded, and thus they are precluded from objecting to the Settlement. SA ¶ 12.4. One of these persons,
21 Roberto Rizzi, stated that he “object[ed],” but did not specify why.⁸ Loeser Decl., Ex. C4. The other
22 person, Janeice Moore, also stated that she objected, but, as far as Class Counsel can discern from her
23 handwriting, she also did not specify why. *Id.*, Ex. C5.

24
25 *The two other objections:* The two other objections are from Class members Destiny Lynn
26 Alcorn and Dan Leroy Wagner.

27
28 ⁸ Class Counsel have attempted to reach out to Mr. Rizzi, but have not yet been able to speak with him.
Loeser Decl. ¶ 150.

1 Destiny Lynn Alcorn submitted four objection forms that are somewhat different from each
 2 other, but as a whole criticize the Settlement in two ways. *Id.*, Ex. C6. First, she objects to paying any
 3 attorney fees out of the Settlement Fund, on the ground that the “government has that responsibility of a
 4 case.” *Id.* But the government has already acted. The CFPB, OCC, and Los Angeles City Attorney have
 5 already entered into settlements with Wells Fargo—and this Settlement provides consumers with far
 6 more relief. Loeser Decl. ¶ 75 n.5. More generally, the American regulatory system relies heavily on
 7 private enforcement,⁹ which, in turn, requires that private counsel have a sufficient motive to represent
 8 classes of consumers with small claims. This motive, as courts have recognized, is generally provided by
 9 fees from a common fund. *See Deposit Guar. Nat’l Bank v. Roper*, 445 U.S. 326, 338–39 & n.9 (1980).
 10 In Ms. Alcorn’s second criticism, she objects to the payment of any administrative expenses and other
 11 costs (“payment to non-lawyers”), seemingly on the ground that such expenses constitute “lawyer fees.”
 12 Loeser Decl., Ex. C6. But the expenses claimed here are not fees for legal work, and courts routinely
 13 approve the payment of reasonable, sufficiently documented expenses out of a common fund because
 14 they benefit the class as a whole. *See, e.g., Hawthorne v. Umpqua Bank*, No. 11-cv-06700-JST, 2015
 15 WL 1927342, at *6 (N.D. Cal. Apr. 28, 2015).

16
 17
 18 The objection from Dan Leroy Wagner reads: “Apparently I have an account that caused this
 19 communication to come to me. I’d like to know where it is and why Wells Fargo has apparently used my
 20 Social Security Number. I haven’t had an account with Wells Fargo for quite some time, quite possibly
 21 4 to 5 years.” Loeser Decl., Ex. C7. This does not sound like an objection to the Settlement so much as a
 22 request for more information. Class Counsel have attempted to contact Mr. Wagner, but have not yet
 23 been able to reach him. *Id.* ¶ 154.

24
 25
 26 _____
 27 ⁹ *See, e.g., White v. E-Loan, Inc.*, No. 05-CV-0208-SI, 2006 WL 2411420, at *9 (N.D. Cal. Aug. 18,
 28 2006) (“While the FTC can bring a civil action against a company, . . . such an action does not provide
 the consumer whose rights were violated with any redress. Further, as evidenced by the FCRA’s
 authorization of statutory damages and attorneys’ fees awards, FTC enforcement is not designed to be
 the sole mechanism for protecting consumers’ rights created by the FCRA.”).

1 In short, to date, the number of opt-outs is exceedingly low, and the number of objections is even
2 lower. To the extent other opt-outs and objections are received later, Class Counsel will address them in
3 their Reply.

4 **V. NOTICE TO THE CLASS HAS SATISFIED THE REQUIREMENTS OF RULE 23**

5 Rule 23 requires that the best notice practicable be sent to all class members who will be bound
6 by the proposed Settlement if they have not opted out. *See* Fed. R. Civ. P. 23(c)(2)(B), (e)(1). As
7 detailed in the Declaration from Shannon Wheatman, the Notice Plan—which faithfully followed the
8 program proposed to the Court at the preliminary approval stage—has satisfied this requirement. *See*
9 *generally* Wheatman Decl.; Botzet Decl.

11 **VI. CONCLUSION**

12 For the reasons given above, Plaintiffs respectfully request that the Court enter an order granting
13 final certification to the Class and final approval to the Settlement.

14 Respectfully Submitted,

15 DATED this 19th day of January, 2018.

16 KELLER ROHRBACK L.L.P.

17
18 By /s/ Derek W. Loeser
19 Derek Loeser, *admitted pro hac vice*
20 Gretchen Freeman Cappio, *admitted pro hac vice*
21 Daniel P. Mensher, *admitted pro hac vice*
22 KELLER ROHRBACK L.L.P.
23 1201 Third Avenue, Suite 3200
24 Seattle, WA 98101-3052
25 (206) 623-1900; Fax: (206) 623-3384
26 dloeser@kellerrohrback.com
27 gcappio@kellerrohrback.com
28 dmensher@kellerrohrback.com

Jeffrey Lewis (Bar No. 66587)
KELLER ROHRBACK L.L.P.
300 Lakeside Drive, Suite 1000
Oakland, CA 94612
(510) 463-3900; Fax: (510) 463-3901
jlewis@kellerrohrback.com

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Matthew J. Preusch (Bar No. 298144)
1129 State Street, Suite 8
Santa Barbara, CA 93101
(805) 456-1496; Fax: (805) 456-1497
mpreusch@kellerrohrback.com

Attorneys for Plaintiffs

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CERTIFICATE OF SERVICE

I, Derek W. Loeser, hereby certify that on January 19, 2018, I electronically filed **PLAINTIFFS’ NOTICE OF MOTION, MOTION, AND MEMORANDUM IN SUPPORT OF MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT** with the Clerk of the United States District Court for the Northern District of California using the CM/ECF system, which shall send electronic notification to all counsel of record.

/s/ Derek W. Loeser

Derek W. Loeser

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SHAHRIAR JABBARI and KAYLEE
HEFFELFINGER, on behalf of themselves and all
others similarly situated,

Plaintiffs,

v.

WELLS FARGO & COMPANY AND WELLS
FARGO BANK, N.A.,

Defendants.

No. 15-cv-02159-VC

**[PROPOSED] ORDER GRANTING FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT, APPROVING SERVICE
AWARDS, AND AWARDING
ATTORNEYS' FEES AND EXPENSES**

Judge: Hon. Vince Chhabria

On March 22, 2018, this Court held a Final Fairness Hearing to determine whether the terms and conditions of the Amended Stipulation and Agreement of Class Action Settlement and Release (“Settlement,” “Settlement Agreement,” or “SA”) agreed to by Plaintiffs Shahriar Jabbari and Kaylee Heffelfinger, and proposed Settlement Class Representatives Jose Rodriguez and Antonette Brooks, individually and on behalf of the Settlement Class (or “Class”), and Defendants Wells Fargo & Company and Wells Fargo Bank, N.A. (“Defendants” or “Wells Fargo”), are fair, reasonable, and adequate and should be approved by the Court, and whether an Order and Final Judgment should be

1 entered dismissing the above-referenced Action with prejudice and releasing the Released Claims (as
2 defined in Paragraph 2.50 of the Settlement Agreement, which definition is incorporated by reference).
3 The Court also considered Plaintiffs' request for Class Representative service awards and an award of
4 attorneys' fees and expenses. The Court finds that this Settlement complies with the Northern District of
5 California's Procedural Guidance for Class Action Settlements. The Court also finds that the Settlement
6 represents a successful outcome for the Settlement Class; will provide significant monetary benefits to
7 the Settlement Class while removing the risk and delay associated with further litigation; and is fair,
8 reasonable, and adequate pursuant to Federal Rule of Procedure 23. The Court also finds that the
9 requested service awards, attorneys' fees, and expenses are reasonable. Therefore,
10

11 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

12 1. The Court grants the Motion for Final Approval of the Revised Class Action Settlement
13 Agreement and Release and grants final approval to the Settlement. This Order (the "Final Approval
14 Order") hereby incorporates by reference the definitions in the Settlement Agreement, and all terms used
15 herein shall have the same meanings as set forth in the Settlement Agreement.
16

17 2. This Court has personal jurisdiction over all Settlement Class Members and subject
18 matter jurisdiction to approve the Settlement Agreement.
19

20 **Compliance with Preliminary Approval Order**

21 3. All the revisions that the Court requested in its Preliminary Approval Order (ECF 165)
22 have been implemented. *See* Declaration of Derek W. Loeser in Support of Plaintiffs' Motion for Final
23 Approval of Class Action Settlement, Certification of a Settlement Class, Service Awards and Fee/Cost
24 Award (Loeser Declaration), (ECF __). Specifically, Section 39 of the revised long-form notice (ECF
25 162-7) was altered before distribution to make clear that mediation does not impose a binding result on
26 the parties, but depends on the parties' mutual agreement. Also, Section 42 of the revised long-form
27

1 notice (ECF 162-7) was altered before distribution to include an appropriate email address for Class
2 Counsel.

3 **Class Certification and Final Settlement Approval**

4 4. The Court confirms its previous certification of the Settlement Class, for settlement
5 purposes only, pursuant to Federal Rule of Civil Procedure 23(b)(3). The Settlement Class is defined as
6 follows: All Persons for whom Wells Fargo or Wells Fargo's current or former subsidiaries, affiliates,
7 principals, officers, directors, or employees opened an Unauthorized Account or submitted an
8 Unauthorized Application, or who obtained Identity Theft Protection Services from Wells Fargo during
9 the period from May 1, 2002 to April 20, 2017, inclusive, with the exception of (i) Defendants' officers,
10 directors and employees; (ii) the judicial officers and associated court staff assigned to this case, and the
11 immediate family members of such officers and staff; and (iii) Persons who timely and properly opt-out
12 of the Settlement Class pursuant to the procedures set out in Paragraph 12 of the Settlement Agreement.
13 The Court confirms its previous determination in the Preliminary Approval Order that, for settlement
14 purposes only, the Action meets all the prerequisites of Rule 23(a) and the requirements of Rule
15 23(b)(3).
16
17

18 5. The Court confirms its previous appointment of the following people as Class
19 Representatives: Shahriar Jabbari, Kaylee Heffelfinger, Jose Rodriguez, and Antonette Brooks. The
20 Court finds that these Class Representatives have adequately represented the Settlement Class for
21 purposes of entering into and implementing the Settlement.
22

23 6. The Court confirms its previous appointment of Derek W. Loeser, Gretchen Freeman
24 Cappio, Daniel Mensher, Jeffrey Lewis, and Matthew J. Preusch of Keller Rohrback L.L.P. as Class
25 Counsel. Class Counsel have adequately represented the Settlement Class for purposes of entering into
26 and implementing the Settlement.
27

1 7. The Court confirms its previous appointment of Rust Consulting as the Settlement
2 Administrator and finds that it has so far fulfilled its duties under the Settlement. The Court orders that
3 the Settlement Administrator shall be paid according to the Settlement Agreement for expenses relating
4 to the Notice Plan and administration of the Settlement.

5 8. The Court finds that the Settlement creates a nonreversionary Settlement Fund of \$142
6 million, which Wells Fargo has deposited into the Escrow Account as required by the Preliminary
7 Approval Order. The Escrow Account was established as a Qualified Settlement Fund within the
8 meaning of Treasury Regulation Section 1.468B-1 of the U.S. Internal Revenue Code of 1986, as
9 amended. Class Counsel shall, in its sole discretion, appoint an Escrow Agent who shall hold and
10 distribute funds as provided herein. All costs and expenses of the Escrow Agent, including taxes, if any,
11 shall be paid from the funds under its control, including any interest earned on the funds.

12 9. The Court finds that, in addition to the \$142 Settlement Fund, Wells Fargo has agreed to
13 pay the cost of engaging the Consumer Reporting Agencies to conduct their respective tasks in
14 connection with the analysis of Credit Impact Damages; up to \$1 million of the cost of conducting the
15 expert analysis necessary to calculate Credit Impact Damages; \$1 million toward the increased cost of
16 mailing notice by envelope to Consultant-Identified Persons; and certain call center costs related to
17 management, training, and live support.

18 10. The Court finds that the Settlement is, within the meaning of Rule 23(e) of the Federal
19 Rules of Civil Procedure, fair, reasonable, and adequate and in the best interests of the Class
20 Representatives, the Settlement Class, and each of the Settlement Class Members, and is consistent and
21 in compliance with all requirements of due process and federal law. The Court further finds that the
22 Settlement is the result of arm's-length negotiations between experienced counsel representing the
23 interests of the Class Representatives, the Settlement Class Members, and the Defendants. The Court
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1 further finds that the Parties have evidenced full compliance with the Court’s Preliminary Approval
2 Order and other Orders relating to this Settlement. The Settlement shall be consummated pursuant to the
3 terms of the Settlement Agreement and this Order, and the Parties are hereby directed to perform those
4 terms.

5
6 11. In accordance with the Order on the Parties’ Stipulation and Administrative Motion re
7 Settlement Reserve and Schedule, the Court orders that if the number of Unauthorized Accounts, as
8 validated by the Settlement Administrator through the Claims process, exceeds 3,500,000:

9 A. the Settlement Administrator shall calculate the Excess Ratio by dividing the
10 number of Unauthorized Accounts, as validated by the Settlement Administrator through the
11 Claims process, by 3,500,000; and

12 B. Paragraphs 9.9 and 9.9.1 of the Settlement Agreement shall be deemed modified
13 as follows: wherever “\$19,366,000” appears in such Paragraphs, it shall be replaced by a product
14 obtained by multiplying \$19,366,000 against the Excess Ratio; and wherever “\$5,634,000”
15 appears in such Paragraphs, it shall be replaced by a product obtained by multiplying \$5,634,000
16 against the Excess Ratio.
17

18 12. The Court finds that the Notice Plan, previously approved (as modified) by the Court in
19 its Preliminary Approval Order, has been implemented accurately and fully, and in compliance with the
20 Preliminary Approval Order. The Notice Plan as implemented by the Parties complies with Federal Rule
21 of Civil Procedure 23(c)(2)(B). It constituted the best practicable notice; was reasonably calculated,
22 under the circumstances, to apprise Settlement Class Members of the pendency of the Action and of
23 their right to exclude themselves or object to the Settlement and to appear at the Final Fairness Hearing;
24 and was reasonable and constituted due, adequate, and sufficient notice to all persons entitled to receive
25 notice.
26

1 13. The Notice Plan was extensive and robust. It included direct mail notice to 2,992,937
2 potential Class members based on data provided by Wells Fargo. Botzet Decl. at 6-9 (ECF ____). An
3 additional 13,806 notice packets were mailed to those who requested them. *Id.* at 11. In addition, Wells
4 Fargo provided email notice to 39,465,679 current and former Wells Fargo customers. Mathews Decl. at
5 4 (ECF ____). Wells Fargo also incorporated notices into 67,346,065 statements mailed or made
6 electronically available to Wells Fargo customers. *Id.* at 4.

7
8 14. In addition to that robust direct mail and email notice program, the Settlement provided
9 an extensive media and advertising component. *See* Wheatman Decl. (ECF ____). That included printing
10 a color publication notice in national news outlets and Spanish-language outlets. *Id.* at 17-19. “Banner
11 ads” were also placed on websites, using targeted ad campaigns. *Id.* at 23. Supplementing all of these
12 efforts was a media outreach program designed to drive awareness of the Settlement and point
13 Settlement Class Members to the Settlement Website, www.WFSettlement.com, which provided notice,
14 frequently asked questions, and key court documents. *Id.* at 28-30. Class Counsel also designed and
15 implemented several social media campaigns to encourage participation in the settlement. *Id.* at 28. In
16 short, the parties and their Court-appointed experts used every reasonable tool to create and implement
17 and wide-ranging program to provide the best notice practicable to potential Settlement Class Members.

18
19 15. The Court finds that the Plan of Allocation is fair, reasonable, and adequate. The
20 Settlement provides for three types of payment: (1) Fee Damages and (2) Credit Impact Damages, both
21 of which are “Compensatory”; and (3) and a “residual” payment, which is termed “Non-Compensatory
22 Damages” under the Settlement. The Plan of Allocation provides that Authorized Claimants will be
23 reimbursed from the Net Settlement Amount for Compensatory Damages, and will also be allocated
24 Non-Compensatory Damages.
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1 16. The Court finds that the Plan of Allocation with respect to Non-Compensatory Damages
2 is fair, reasonable, and adequate. The Settlement provides for a reserve totaling \$25 million for residual
3 payments to Settlement Class members based on the number of Unauthorized Accounts, Unauthorized
4 Applications, and instances of authorized enrollment in Identity Theft Protection Services for each Class
5 member. In the event the number of Unauthorized Accounts identified by Settlement Class Members in the
6 claims process and not disputed by the Settlement Administrator exceeds Plaintiffs' 3.5 million estimate,
7 Wells Fargo will proportionally increase the \$25 million reserve so that the ratio of reserve to Unauthorized
8 Accounts is no less than what was implied by Plaintiffs' estimate at the time of Preliminary Approval.

9
10 17. Compensatory Damages consists of two components: (1) increased borrowing cost due to
11 credit score impact as a result of a Credit Analysis Account ("Credit Impact Damages"); and (2)
12 unreimbursed fees assessed by Wells Fargo in connection with certain Unauthorized Accounts ("Fee
13 Damages").

14
15 18. The Court finds that the Plan of Allocation with respect to Credit Impact Damages is fair,
16 reasonable, and adequate. The Court has reviewed the Declaration of Edward M. Stockton (ECF __) and
17 the Exhibits thereto and finds that Edward M. Stockton is qualified to design the Credit Impact Damages
18 model by his specialized knowledge; that, under the model, Credit Impact Damages are based on
19 sufficient data under the circumstances; that the model is the product of reliable principles, reliably
20 applied to the available data; and that the model presents a feasible, reasonable, fair, and objective
21 method for estimating the amount of credit cost injury suffered by the Class. The model compares the
22 cost of credit that a consumer would incur absent the alleged unauthorized conduct to the cost that the
23 consumer incurred, or is expected to incur, assuming that the alleged unauthorized conduct did occur.
24 The difference is equal to the estimated effect on credit cost from the allegedly unauthorized conduct,
25 and determined through review of literature, other research, and various reliable quantification

26
27 techniques. The Court deems it fair that Authorized Claimants who activated or used an Unauthorized

1 Credit Analysis Account are not eligible to receive Credit Impact Damages in connection with such an
2 account, but are entitled to receive a Non-Compensatory Damages Payment in connection with such an
3 account.

4 19. The Court finds that the Plan of Allocation with respect to Fee Damages is fair,
5 reasonable, and adequate. The Plan of Allocation reasonably and fairly accounts for the unavailability of
6 data for the 2002-2008 period by allocating Fee Damages to every account from the 2002-2008 period,
7 but making the per-account payment equal to the average 2009-2017 Fee Damages payment. While
8 Consultant-Identified Persons are not eligible to receive Fee Damages in connection with the account,
9 product, or service identified through the Consultant Analysis as potentially being an Unauthorized
10 Account, any fees assessed by Wells Fargo in connection with such an account, product, or service have
11 been or will be reimbursed through a separate process. Consultant-Identified Persons remain eligible to
12 receive Fee Damages in connection with Unauthorized Accounts that were not identified through the
13 Consultant Analysis. Consultant-Identified Persons are eligible to receive Credit Impact Damages in
14 connection with an Unauthorized Credit Analysis Account, regardless of whether the Unauthorized
15 Credit Analysis Account was identified through the Consultant Analysis.

16 20. The Court has reviewed Exhibit D to the Loeser Declaration and approves that Exhibit as
17 constituting the complete list of all Persons who have submitted timely requests for exclusion from the
18 Settlement Class.

19 21. The Court has reviewed the objections to this Settlement and overrules them.

20 22. Pursuant to this Order and Final Judgment, with respect to the Released Parties,
21 Settlement Class Members' Released Claims, as defined in Paragraph 2.50 of the Settlement Agreement
22 (which definition is incorporated herein by reference), are hereby dismissed with prejudice and without
23 costs, other than those permitted under the Settlement Agreement or by this Order.
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1 Compensatory Damages, but also guarantee Non-Compensatory Damages; (2) the considerable risk
2 that Class Counsel would receive nothing, given the presence of an arbitration agreement and
3 attendant challenges that they would face in securing and maintaining Class Certification; (3) the
4 substantial non-monetary benefits for the Class, which suppress Unauthorized Accounts on consumer
5 reports, scrub unauthorized deposit accounts from Early Warning Services reports, and entitle Class
6 members to a review of their credit history for Unauthorized Accounts or credit inquiries; (4) the
7 range of awards made in similar cases, which are typically well above the 15% fee requested here; and
8 (5) the considerable financial burdens that Class Counsel shouldered on a contingent basis. These
9 factors justify the requested award, which falls well below the Ninth Circuit's 25% percent
10 benchmark.
11

12 26. A lodestar cross-check, though not required, confirms the reasonableness of the 15%
13 fee.
14

15 27. The Court also awards to Class Counsel \$442,994.75 as reimbursement of expenses.
16 Counsel has adequately documented these expenses, all of which are compensable litigation expenses
17 that were advanced for the benefit of the Class.

18 28. Without affecting the finality of this Judgment, the Court reserves jurisdiction over the
19 Class Representatives, the Settlement Class, and Defendants as to all matters concerning the
20 administration, consummation, and enforcement of the Settlement Agreement.
21

22 **IT IS SO ORDERED.**

23 Dated: March ___, 2018

24 _____
25 VINCE CHHABRIA
26 United States District Judge
27