1 2 3 4 5 6 7 8	COUNTY OF LOS ANO	THE STATE OF CALIFORNIA GELES, CENTRAL DISTRICT
9 10	ADAM HOFFMAN, and SAMUEL JASON, Individually and on Behalf of All Others Similarly Situated,	Case No. BC672326 MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF
11	Plaintiffs,	PLAINTIFFS' COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS'
12	v.	FEES, REIMBURSEMENT OF LITIGATION EXPENSES AND CLASS
13	CITY OF LOS ANGELES,	REPRESENTATIVE SERVICE AWARDS
14	Defendant.	Date: December 20, 2023 Time: 10:30 a.m.
15		Judge: Hon. Stuart M. Rice Dept: SSC-1 Action Filed: August 15, 2017
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	MEMORANDUM IN SUPPORT OF APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

1 I. INTRODUCTION

2 After nearly six and half years of hard-fought litigation, including a four-day Phase I merits trial, Class 3 Counsel¹ have obtained a Settlement consisting of: (i) a \$57,500,000 non-reversionary all-cash component ("Settlement Amount"); and (ii) non-monetary relief that (a) has prevented the overcharges at issue in this 4 litigation from occurring for the past two fiscal years and will do so in the future, and (b) will ensure the timely 5 return of of cost overpayments to the Sewer Construction Maintance Fund (collectively, the "Non-Monetary 6 7 Remedial Relief Component"). Although the ultimate value of the Non-Monetary Remedial Relief 8 Component will be determined by a variety of factors over the years to come, Class Counsel believes that the 9 new methodology the City has agreed to implement for calculating the Dry Winter Compensation Factor ("DWCF") has and will—in and of itself—save ratepayers approximately \$11.4 million per year by preventing 10DWCF overcharges. The new methodology has already been implemented, resulting in an estimated \$11.4 11 12 million saving for the 2022-2023 fiscal year and ongoing similar savings for 2023-2024. Thus, as of the Final 13 Approval hearing, the Settlement will have provided a *minimum* benefit of approximately \$74.6 million to 14 the Class.

As explained herein, in Plaintiffs' Memorandum of Points and Authorities in Support of Motion for Final Approval of Class Action Settlement ("Settlement Memorandum"),² and in the Rotter Declaration, the Settlement represents an excellent recovery for the Class, especially when juxtaposed against the many risks of continued litigation.³ In the absence of a settlement, this litigation would likely have continued for many years, through class certification, continued fact discovery, additional expert discovery, further summary

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¹ Unless otherwise defined, all capitalized terms herein have the same meanings as set forth in the First Amended Stipulation and Agreement of Settlement dated May 30, 2023 ("Stipulation") and filed with the Court that same day, or the concurrently filed Declaration of Jonathan M. Rotter in Support of Motions for: (1) Final Approval of Class Action Settlement and Plan of Allocation; and (2) Award of Attorneys' Fees, Payment of Litigation Expenses, and Service Awards ("Rotter Declaration"). All citations to "¶_" and "Ex." in this memorandum refer, respectively, to paragraphs in, and exhibits to, the Rotter Declaration.

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 ² Because many of the same factors supporting final approval of the Settlement also buttress the requested award of attorneys' fees and expenses, Class Counsel incorporate herein the concurrently filed Settlement Memorandum.

 ²⁶ ³ The Rotter Decl. is an integral part of this submission. For the sake of brevity in this memorandum, the Court is respectfully referred to it for a detailed description of, *inter alia*: the procedural and factual history of the Action; the nature of the claims asserted; the negotiations leading to the Settlement; and the risks and

uncertainties of continued litigation.

adjudication motion practice, another trial, and likely appeals. Plaintiffs and their counsel faced substantial
 procedural and legal obstacles to proving liability and damages on a class-wide basis, yet nevertheless reached
 a timely and substantial resolution for the Class.

4 Achieving the Settlement was not easy. Class Counsel faced numerous hurdles and risks from the 5 outset, including the complex nature of the claims at issue, the fact that this was a putative class action against the largest city in California, and the highly skilled litigators representing the Defendant. See Teachers' Ret. 6 Sys. of La. v. A.C.L.N., Ltd., 2004 WL 1087261, at *3 (S.D.N.Y. May 14, 2004) ("Little about litigation is 7 risk-free, and class actions confront even more substantial risks than other forms of litigation.").⁴ These are 8 substantial risks, and the risk of non-payment in this case was high. Indeed, "[t]he court needs to look no 9 further than its own order [substantially] dismissing the . . . litigation to assess the risks involved." In re Xcel 10 Energy, Inc. Sec., Derivative & "ERISA" Litig., 364 F. Supp. 2d 980, 1003 (D. Minn. 2005); see also Court's 11 12 Ruling And Order (re Demurrer in this Action) (Aug. 10, 2018) (dismissing four of six counts).

Despite facing long odds, Class Counsel vigorously pursued this case for nearly six and a half years working 11,574.70 hours and advancing \$461,729.60 in out-of-pocket expenses, all on a *fully* continent basis. Among other things, Class Counsel:

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- conducted an extensive investigation of the factual and legal underpinnings of the claims asserted in the Action, as well as potential defenses;
- prepared and submitted two Government Claims Act claims on behalf of Plaintiffs and all similarly situated residential sewer service charge customers of the City, which asserted, among other things, that the City overbilled for residential sewer service charges by manipulating the DWCF;
- utilized the comprehensive investigation and additional research to draft and file the initial Class Action Complaint and, subsequently, the First Amended Class Action Complaint (the "FAC"), that added an additional cause of action;
- researched, drafted, and filed an opposition to Defendant's demurrer to the FAC, and engaged in in-person oral argument, after which the Court granted in part, and denied in part, the demurrer—allowing claims for Money Had and Received and an Accounting to proceed;
- researched, drafted, and filed an opposition to Defendant's motion for summary adjudication to the remaining claims, and engaged in oral argument, after which the Court denied the motion in toto;

⁴ Unless otherwise noted, all internal citations and quotations have been omitted and emphasis has been added.

	 filed a motion for leave to amend the FAC to include a claim for violations of Cal. Const., Art. 13 D, § 6 ("Prop. 218"), which, after briefing and oral argument, the Court granted on June 22, 2020;
3	• drafted and filed the Second Amended Class Action Complaint (the "SAC");
	• briefed, argued and defeated Defendants' demurrer to the SAC in its entirety;
	 engaged in substantial discovery, which entailed, <i>inter alia</i>: (a) negotiating a protective order, which was subsequently entered by the Court; (b) taking 11 depositions of Defendant's employees; (c) serving and obtaining responses to 11 sets of requests for production of documents, plus a supplemental request; (d) serving and obtaining responses to four sets of special interrogatories and two sets of form interrogatories; (e) serving and obtaining responses to two sets of requests for admission; (f) serving four deposition subpoenas; (g) obtaining through production, investigation, and Public Records Act requests tens of thousands of documents (<i>totaling approximately 1.8 million pages</i>), which were the subject of targeted review and analysis; and (h) responding and objecting to Defendant's discovery requests to Plaintiffs, including two sets of requests for
	admission, two sets of requests for production, one set of special interrogatories, and two sets of form interrogatories;
	 participated in numerous written and telephonic meet and confers, and one discovery conference before the Court;
	 worked with experts in the fields of hydrology and environmental engineering with respect to the DWCF related claims, and accounting experts regarding the Prop. 218 claim;
	• engaged in a four-day Phase 1 bench trial on the lawfulness of the DWCF under the LAMC/Rules & Regs. and Prop. 218's procedural requirements, which resulted in the Court issuing a Statement of Decision finding that the DWCF was arbitrary and capricious, and that the City had violated Cal. Const., art. 13D, §6(a)(1)-(2);
	 participated in an unsuccessful mediation overseen by a highly experienced third-party mediator, the Hon. Charles McCoy, Jr. (Ret.) of JAMS, which involved an exchange of written submissions concerning the facts of the case, liability, class certification and damages, and a full-day mediation session;
	• engaged in months of follow-up negotiations with the mediator and Defendants' Counsel following the unsuccessful mediation that ultimately resulted in an agreement in principle to settle the Action;
	• prepared the initial draft, and negotiated the terms, of the Stipulation (including the exhibits thereto) and the Supplemental Agreement;
	 drafted the preliminary approval motion and supporting papers, including the supplemtal submission;
	 worked with the Court appointed Claims Administrator to provide notice to the Settlement Class; and
	• drafted the final approval motion and supporting papers. ¶37.
	The information gleaned from Class Counsel's comprehensive research and factual investigation, in
	3 MEMORANDUM IN SUPPORT OF APPLICATION FOR ATTORNEYS' FEES AND EXPENSES
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conjunction with their consultation with experts and thorough understanding of the relevant laws, enabled
 Plaintiffs to adequately plead the case, defeat Defendants' dispositive motions, prevail at the first phase of
 trial and, ultimately, to successfully resolve the case for the Class. And, Class Counsel's work is not done.
 Many more hours will be spent implementing the Settlement. *See* Stipulation, ¶10.

5 As compensation for their significant efforts and achievements on behalf of the Settlement Class, Class Counsel respectfully requests a fee award in the amount of 33¹/₃% of the Settlement Fund (*i.e.*, \$19,166,666, 6 7 plus interest earned thereon), or 25.7% of the minimum actual benefit conferred on the Class as of the Final Approval hearing if the Non-Monetary Remedial Relief Component is factored in.⁵ The requested fee is 8 consistent with fee awards in comparable class action settlements, whether considered as a percentage of the 9 Settlement or in relation to Class Counsel's lodestar. Indeed, the requested fee represents a multiplier of 2.74 10 on Class Counsel's lodestar, which is well within the range of multipliers typically awarded in class actions 11 12 with substantial contingency risks such as this one. See Wershba v. Apple Computer, Inc., 91 Cal.App.4th 13 224, 255 (2001) ("Multipliers can range from 2 to 4 or even higher."); Canela v. Helix Electric, Inc., No. BC721327, slip op. (Los Angeles Cnty. Super. Ct. June 6, 2023) (J. Rice) (awarding 1/3 of \$6.5 million 14 settlement fund, a multiplier of 4.06), (Ex. 26). 15

Class Counsel also seeks reimbursement of \$461,729.60 in out-of-pocket litigation expenses incurred
in prosecuting the Action. *See* ¶41-48. This amount is well below the \$600,000 limit on Litigation Expenses
disclosed in the Notice and, to date, there have been no objections to it. The expenses are reasonable in amount
and were necessarily incurred in the successful prosecution of the Action.

Finally, Class Counsel respectfully request service awards of \$15,000 each to compensate Mssrs.
Hoffman and Jason for the time and effort the time and effort they expended on behalf of the Settlement Class. *See* Ex. 2 ("Hoffman Decl."); Ex. 3 ("Jason Decl."). But for their "commitment to pursuing these claims, the
successful recovery for the Class would not have been possible." *Bell v. Pension Comm. of ATH Holding Co.*, *LLC*, 2019 WL 4193376, at *6 (S.D. Ind. Sept. 4, 2019).

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 5 \$19,166,666 (requested attorneys' fee)/\$74,600,000 (minimum value of benefit to the class) = 25.7%.

1 **II.**

2

THE COURT SHOULD APPROVE THE FEE REQUEST

A. Class Counsel Should Be Awarded Attorneys' Fees From The Common Fund

The California Supreme Court has expressly affirmed "the historic power of equity to permit . . . a party preserving or recovering a fund for the benefit of others in addition to himself, to recover his costs, including his attorneys' fees, from the fund or property itself or directly from the other parties enjoying the benefit." *Serrano v. Priest*, 20 Cal. 3d 25, 35 (1977); *Laffitte v. Robert Half International Inc.*, 1 Cal.5th 480, 488 (2016). Thus, where, as here, litigation has created a common fund for the benefit of a class, courts have the power to award plaintiffs' counsel their reasonable attorneys' fees and expenses out of the fund created. *Laffitte*, 1 Cal.5th at 489; *Rider v. Cnty. of San Diego*, 11 Cal. App. 4th 1410, 1423 n.6 (1992).

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B. The Court Should Award Attorneys' Fees Using the Percentage Approach

In California, "[c]ourts recognize two methods for calculating attorney fees in civil class actions: the 11 12 lodestar/multiplier method and the percentage of recovery method." Wershba, 91 Cal. App. 4th at 254. 13 Although the method to be utilized is left to the discretion of the trial court (see Glendora Cmty. Redevelopment Agency v. Demeter, 155 Cal. App. 3d 465, 474 (1984)), there exists substantial policy reasons 14 15 for applying the percentage approach in common fund cases. See Laffitte, 1 Cal.5th at 503 ("recognized advantages" include "relative ease of calculation," "alignment of incentives between counsel and the class," 16 "encouragement it provides counsel to seek an early settlement and avoid unnecessarily prolonging the 17 litigation," and "a better approximation of market conditions in a contingency case.").⁶ For these reason, 18 among others, "most courts and commentators now believe that the percentage method is superior [to the 19 20 lodestar/multiplier method]." Laffitte, 1 Cal.5th at 494.

Class Counsel respectfully submit that the fee award in this case should be made on a percentage basis.
 See Court Awarded Attorneys' Fees, 108 F.R.D. at 237 (recommending that compensation in common fund
 cases be calculated on a percentage-of-the-fund basis). However, even if the Court disagrees, the requested
 fee would be appropriate under a lodestar/multiplier approach, as demonstrated by the lodestar cross-check

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⁶ See also In re California Indirect Purchaser X-Ray Film Antitrust Litig., Case No. 960886, 1998 WL 1031494, at *9 (Alameda Super. Ct. Oct. 22, 1998) ("California law does not require that this Court impose on itself and Class Counsel the time-consuming effort of examining the details of the services provided in order to award Class Counsel attorneys' fees.").

1 analysis below.⁷

C.

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An Award of 33¹/₃% of the Settlement Fund Created Is Fair and Reasonable

The percentage of the fund method "calculates the fee as a percentage share of the recovered common fund or the monetary value of plaintiffs' recovery." *Laffitte*, 1 Cal. 5th at 489. Under this method, courts examine whether the requested percentage matches "the amount of attorneys' fees typically negotiated in comparable litigation." *Lealao v. Beneficial Cal., Inc.*, 82 Cal. App. 4th 19, 27 (2000); *see also Chavez v. Netflix, Inc.*, 162 Cal. App. 4th 43, 65 (2008) (goal of the fee award is to "estimate … what the market would pay for comparable litigation services rendered pursuant to a fee agreement.").

9 Here, Class Counsel are applying for a fee award of 33¹/₃% of the Settlement Fund (or 25.7% of the minimum actual benefit conferred on the Class). This request falls squarely within the parameters of 10 11 percentage fees awarded by courts in other class action litigation in California. As the Court of Appeals 12 observed in Laffitte v. Robert Half Int'l Inc., while affirming a fee award equal to one-third of the settlement 13 fund, "the trial court's use of a percentage of 33¹/₃ percent of the common fund is consistent with, and in the range of, awards in other class action lawsuits." 231 Cal. App. 4th 860, 878 (2014), aff'd, 1 Cal. 5th 480; see 14 15 also Chavez, 162 Cal. App. 4th at 66 n.11 ("Empirical 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."); 16 17 *California Indirect Purchaser*, 1998 WL 1031494, at *9 (collecting cases awarding between 30% and 45%); 18 In re FireEye, Inc. Sec. Litig., No. 1-14-CV-266866 (Santa Clara Super. Ct. Aug. 7, 2017) (granting "one-19 third of the gross settlement" as "facially reasonable," observing that such an award "is not an uncommon contingency fee allocation") (Ex. 15).⁸ 20

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⁷ While a lodestar cross-check fully supports the requested fee, such an analysis is not required, *Laffitte*, 1 Cal.
⁸ 5th at 506 ("We hold further that trial courts have discretion to conduct a lodestar cross-check on a percentage fee, as the court did here; they also retain the discretion to forgo a lodestar cross-check and use other means to evaluate the reasonableness of a requested percentage fee.").

²⁴ ⁸ See also Hale v. State Farm Mut. Auto. Ins. Co., 2018 WL 6606079, at *10 (S.D. Ill. Dec. 16, 2018) ("Courts within the Seventh Circuit, and elsewhere, regularly award percentages of 33.3% or higher to coursel in class

action litigation."); *Johnson v. Community Bank, N.A.*, 2013 WL 6185607, at *8 (M.D. Pa. Nov. 25, 2013) ("An award of one-third of the settlement is consistent with this Court's prior decisions and with cases decided

throughout the Third Circuit."); *Nichols v. Noom, Inc.*, 2022 WL 2705354, at *10 (S.D.N.Y. July 12, 2022) (awarding one-third of \$56 million cash settlement fund and stating that "[a] fee equal to one-third of a settlement fund is routinely approved in this Circuit."); *Parker v. City of Los Angeles*, 44 Cal. App. 3d 556,

^{567-68 (1974) (}affirming fee award to counsel of one-third of recovery achieved).

1 Moreover, given that this case went to trial, an award of $33\frac{1}{3}\%$ is at least equal, *if not below*, what 2 would have been paid in the private marketplace. See Fernandez v. Victoria Secret Stores, LLC, 2008 WL 3 8150856, at *16 (C.D. Cal. July 21, 2008) (citing academic research and stating: "[a]warding a percentage fee of 34% is supported by the fact that typical contingency fee agreements provide that class counsel will recover 4 33% if the case is resolved before trial and 40% if the case is tried."); Meyenburg v. Exxon Mobil Corp., 2006 5 WL 2191422, at *2 (S.D. Ill. July 31, 2006) (" $33\frac{1}{3}$ % to 40% (plus the cost of litigation) is the standard 6 contingent fee percentages in this legal marketplace for comparable commercial litigation."); Ammari 7 8 Electronics v. Pacific Bell Directory, No. RG05198014 (Alameda Sup. Ct. Jan. 5, 2014) (awarding 43.67%) 9 of common fund in class action that went to trial, noting "many [individual contingency fee] agreements provide for a 40-45% attorney fee where a case is taken to trial.") (Ex. 16).⁹ 10

Consistent with the weight of the case law, as well as the private marketplace, a fee award of one-third of the monetary recovery—or 25.7% of the minimum actual benefit conferred on the Class if the Non-Monetary Remedial Relief Component is factored in—is certainly reasonable. *See* Ex. 6 (Declaration of Richard Pearl ("Pearl Decl.") at ¶23 ("Given that $33\frac{1}{3}\%$ percent (or more) of a cash settlement fund is commonly awarded in such high-risk cases, the fee requested here clearly comports with standards established by the courts and in the legal marketplace.)), and at ¶¶37-39.

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D. The Award Is Supported by All the Factors Considered by California Courts

In evaluating whether a percentage fee award is reasonable, the court may consider factors such as: (i) the result Class Counsel obtained; (ii) the time and labor required of the attorneys; (iii) the contingent nature of the case and the delay in payment to Class Counsel; (iv) the experience, reputation, and ability of the attorneys who performed the services; (v) the novelty, complexity and difficulty of the case and the skill displayed in the litigation; (vi) awards in similar cases; and (vii) the reaction of the class. *See Laffitte*, 1 Cal. 5th at 504-505; *Lealao*, 82 Cal.App.4th at 42-43, 51; *Beaver Cty. Employees Ret. Fund, et al. v. Cyan, Inc.*,

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⁹ See also In re: Urethane Antitrust Litig., 2016 WL 4060156, at *5 (D. Kan. July 29, 2016) ("a one-third fee is customary in contingent-fee cases, and indeed that figure is often higher for complex cases or cases that

proceed to trial[]."); *Hale*, 2018 WL 6606079, at *12 ("33% contingent fee of the total recovery is on the low end of what is typically negotiated *ex ante* by plaintiffs' firms taking on large, complex cases"); *Allapattah Servs., Inc. v. Exxon Corp.*, 454 F. Supp. 2d 1185, 1212 (S.D. Fla. 2006) ("Substantial empirical evidence")

²⁷ Servs., Inc. v. Exxon Corp., 454 F. Supp. 2d 1185, 1212 (S.D. Fla. 2006) ("Substantial empirical eviden indicates that a one-third fee is a common benchmark in private contingency fee cases.").

No. CGC-14-538355, slip op. (S.F. Super. Ct. Aug. 8, 2019) (Ex. 17). "However, no rigid formula applies
 and each factor should be considered only 'where appropriate." *Natural Gas Anti-Trust Cases I, II, III & IV*,
 No. 4221, 2006 WL 5377849, at *3 (San Diego Super. Ct. Dec. 11, 2006). Here, each of the aforementioned
 factors supports the requested fee.

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The Result Achieved Is Outstanding

Courts have consistently acknowledged that the quality of the result achieved is the most important
factor in determining an appropriate fee award. *See, e.g., Hensley v. Eckerhart*, 461 U.S. 424, 436 (1983)
("most critical factor is the degree of success obtained"); *In re Bluetooth Headsets Prods. Liability Litig.*, 654
F.3d 935, 942 (9th Cir. 2011) ("Foremost among these considerations, however, is the benefit obtained for the
class."); *In re King Res. Co. Sec. Litig.*, 420 F. Supp. 610, 630 (D. Colo. 1976) ("the amount of the recovery,
and end result achieved are of primary importance, for these are the true benefit to the client").

12 In this case, the Settlement provides substantial monetary and non-monetary remedial relief to the Class. With respect to monetary relief, the Settlement provides for the creation of a non-reversionary 13 Settlement Fund of \$57.5 million (plus accrued interest), which represents an exceptional recovery for the 14 15 Class. Indeed, Class Counsel estimates that total damages, based on data disclosed in the LADWP 2020 Urban 16 Water Management Plan, would be \$70.5 million. Under these circumstances, the \$57.5 Settlement Amount equates to a recovery of approximately 82%. This is a far higher recovery than what is obtained in the vast 17 18 majority of class actions. See Ex. 28 (Janeen McIntosh, Svetlana Starykh, and Edward Flores, Recent Trends 19 in Securities Class Action Litigation: 2022 Full-Year Review (NERA Jan. 24, 2023) at 18 (Fig. 19) (median 20 recovery in securities class actions in 2022 was approximately 1.8% of estimated damages); In re Linerboard Antitrust Litig., MDL No. 1261, 2004 WL 1221350, at *5 (E.D. Pa. June 2, 2004) (collecting cases in which 21 courts have approved settlements of 5.35% to 28% of estimated damages). 22

Regarding the Non-Monetary Remedial Relief provided by the Settlement, starting in the 2022-2023
fiscal year, the City began implementing a methodology based on the model used by Plaintiffs' expert at trial.
Stipulation, ¶11(a). Class Counsel believes this new methodology will prevent DWCF overcharges in the
future, *constitutes a 100% recovery rate from fiscal year 2022-2023 forward*, and will save ratepayers
approximately \$11.4 million per year. ¶28.

1 Additionally, the City has agreed to abide by specific timelines for returning related costs 2 overpayments to the SCM Fund. The City will perform the related costs reconciliation and return any monies 3 due under the reconciliation to the SCM Fund as soon as reasonably practicable after the close of each fiscal year. The reconciliation will be performed for all departments receiving over \$2 million annually in related 4 costs from the SCM Fund. The City will include pension contributions in the overpayment reconciliation and 5 ensure that rebates from the Los Angeles City Employees Retirement System are allocated back to the SCM 6 Fund in proportion to the SCM Fund's pension contribution expenditures. For each of the three fiscal years 7 8 following the Effective Date of the Settlement, the City will provide a declaration under penalty of perjury at 9 the end of each fiscal year to Plaintiffs' Counsel, by no later than January 31, confirming that it has complied 10 with each of the provisions of the non-monetary remedial. See Stipulation, $\P10(a)$; see also Folsom v Butte County Ass'n of Gov'ts, 32 Cal.3d 668 (1982) (upholding fee award for vindicating legislature's intent by 11 12 achieving diversion of funds from roads to public transit).

By any measure, this is an outstanding result for the Class, especially given the inherent risks involved in litigating a case as complicated as this one against a governmental entity with tremendous resources. *See Vinh Nguyen v. Radient Pharmaceuticals Corp.*, 2014 WL 1802293, at *3 (C.D. Cal. May 6, 2014) (characterizing settlement representing "roughly 25.8 percent of the maximum provable damages" as an "excellent recovery").

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2. The Time and Labor Required/Continuing Obligations of Counsel/Lodestar Cross-Check

This was not a case that settled at an early stage. Rather, Class Counsel vigorously litigated this Action for nearly six and a half years. The work performed by Class Counsel is outlined in the Introduction, *supra*, and discussed in greater detail in the Rotter Decl., ¶¶2-17, 37. Class Counsel and Bird Marella spent over 11,574 hours prosecuting this litigation. ¶35; Exs. 5 & 7.¹⁰ Applying the rates charged by counsel to these

with the preparation of this motion for fees and expenses.

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 ¹⁰ When conducting a lodestar cross-check, the trial court may rely on "declarations summarizing overall time spent, rather than demanding and scrutinizing daily time sheets in which the work performed was broken down by individual task." *Laffitte*, 1 Cal.5th at 505. Class Counsel's lodestar was calculated after a review of detailed time records, the purpose of which was to confirm the accuracy and reasonableness of time entries. As a result of this review, appropriate reductions were made to Class Counsel's reported time in the exercise of billing judgment. Moreover, Class Counsel have not included in their lodestar time spent in connection

hours yields a "lodestar" of \$6,993,376.¹¹ ¶35; Exs. 5-A & 7-A. Thus, the requested fee of 33¹/₃% 1 2 (\$19,166,666) represents a multiplier of approximately 2.74 on counsel's lodestar. 3 A multiplier of 2.74 is well within the range of multipliers commonly awarded in class actions and other complex litigation or approved in the context of a lodestar cross-check. See Wershba, 91 Cal. App. 4th 4 at 255; Spann v. J.C. Penney Corp., 211 F.Supp.3d 1244, 1265 (C.D. Cal. Sept. 30, 2016) (applying California 5 law to fee application and stating that "Counsel's lodestar yields a 3.07 multiplier, which is well within the 6 7 range for reasonable multipliers."); Steiner v. Am. Broad. Co., 248 F. App'x 780, 783 (9th Cir. 2007) 8 (multiplier of 6.85 "falls well within the range of multipliers that courts have allowed."); Craft v. Cty. of San Bernardino, 624 F. Supp. 2d 1113, 1125 (C.D. Cal. 2008) (noting "ample authority" for a multiplier of 5.2 9 and collecting cases with substantially higher multipliers).¹² 10 Indeed, "numerous cases have applied multipliers of between 4 and 12 to counsel's lodestar in 11 12 awarding fees." Natural Gas Anti-Trust Cases, 2006 WL 5377849, at *4; Sternwest Corp. v. Ash, 183 Cal. 13 App. 3d 74, 76 (1986) (remanding for a lodestar enhancement of "two, three, four or otherwise"); Glendora, 14 ¹¹ California Supreme Court precedent support calculating the lodestar at current rates to compensate for delay 15 in receipt of payment. See Graham, 34 Cal. 4th at 584 (reliance on the "present hourly rate rather than the lesser rate applicable when the services were rendered" eliminates the need to undertake an "adjustment" to 16 compensate for the lost "value of the use of the money."); accord Missouri v. Jenkins, 491 U.S. 274, 283-84 (1989) (applying "current" rates is "an appropriate adjustment for delay in payment" where compensation is 17 "received several years after the services were rendered."); see also Ex. 6 (Pearl Declaration), at n. 11. Class Counsel's rates range from \$900 to \$1,125 for partners, and \$395 to \$575 for non-partners (Ex. 7-A), and "are 18 comparable to peer plaintiffs and defense-side law firms litigating matters of similar magnitude." Leav. Tal *Educ. Grp.*, 2021 WL 5578665, at *12 (S.D.N.Y. Nov. 30, 2021) (approving GPM's **2021** rates of \$600 to \$995 for partners, and \$500 to \$750 for associates); *see also* Ex. 6 (Pearl Decl.), ¶¶43-55; & Ex. 29 (chart of 19 rates charged by peer plaintiff and defense counsel in complex litigation). Additionally, although most of 20 Class Counsel's work is performed on a contingency fee basis, it does have some hourly clients and the rates charged in this case are consistent with those rates. Ex. 7, ¶5. 21 ¹² See also In re Nat'l Collegiate Athletic Ass'n Athletic Grant-in-Aid Cap Antitrust Litig., 2017 WL 6040065, 22 at *9 (N.D. Cal. Dec. 6, 2017), aff'd, 768 F. App'x 651 (9th Cir. 2019) (approving a 3.66 multiplier after noting that it was "below the midrange of multipliers awarded in other cases" and collecting cases with 23 multipliers ranging from 3.41 to 9.3); Lloyd v. Navy Federal Credit Union, 2019 WL 2269958, at *13 (S.D. Cal. May 28, 2019) (awarding fee equating to 25% of the common fund where "a lodestar cross-check would 24 likely result in a multiplier of around 10.96."); Buccellato v. AT&T Operations, Inc., 2011 WL 3348055, at *2 (N.D. Cal. June 30, 2011) (collecting cases and finding percentage fee equal to 4.3 multiplier "also 25 reasonable under the lodestar method."); Lavinsky v. City of Los Angeles, No. BC542245, slip op. (Los Angeles Cnty. Super. Ct. Sept. 6, 2019) (awarding fee equating to 3.84 multiplier) (Ex. 18); Willey v. 26 Techtronic Industries North Am., Inc., No. RG16806307, slip op. (Alameda Cnty. Super. Ct. Aug. 4, 2017) (awarding fee equating to 3.4 multiplier) (Ex. 19); Ellis v. Google, LLC, No. CGC-17-561299, slip op. (San 27 Francisco Cnty. Super. Ct. Oct. 25, 2022) (awarding fee equating to 3.4 multiplier) (Ex. 20). 28 10 MEMORANDUM IN SUPPORT OF APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

155 Cal. App. 3d at 479-81 (affirming a 12-times multiplier of counsel's hourly rate and expressly rejecting
 the argument that the requested fee was exorbitant or unconscionable); *Eck v. City of Los Angeles*, BC577028,
 slip op. (Los Angeles Cnty. Super. Ct. Feb. 26, 2018) (awarding fee equating to 5.8 multiplier) (Ex. 21);
 Engquist v. City of Los Angeles, BC591331, slip op. (Los Angeles Cnty. Super. Ct. Dec. 8, 2020) (awarding
 fee equating to 5.76 multiplier) (Ex. 22).¹³

"The fact that Class Counsel's fee award will not only compensate them for time and effort already 6 7 expended, but for the time that they will be required to spend administering the settlement going forward, also 8 supports their fee request." Leach v. NBC Universal Media, LLC, 2017 WL 10435878 at ¶49 (S.D.N.Y. Aug. 9 24, 2017); Bertrand v. Personal Protective Services, Inc., 2011 WL 5901171, ¶7 (Alameda Cnty. Super. Ct. July 28, 2011) ("future work should be taken into account in considering the reasonableness of Class Counsel's 10 requested multiplier."). Among other things, Lead Counsel will oversee the claims administration/distribution 11 process, respond to class member inquiries, and monitor the injunctive relief portion of the Settlement. 12 13 Stipulation, ¶10; Rotter Decl., ¶36. The multiplier will, therefore, diminish as the case moves forward because Class Counsel will not seek any additional compensation for this work. See Bertrand, 2011 WL 5901171, at 14 15 ¶7 ("The Court further notes that this is no doubt a 'diminishing multiplier' in that Class Counsel has submitted its lodestar based on the time it has spent thus far in the litigation, and the lodestar does not and cannot reflect 16 the actual further billable hours Class Counsel will be expending in the future due to its continuing 17 18 administrative and other duties in connection with implementing the Settlement.").

Accordingly, this factor supports the requested award. *See* Ex. 6 (Pearl Decl.), ¶57, (collecting cases and opining that 2.74 "is an eminently reasonable multiplier" in this case).

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3. The Contingent Nature of the Case, Risk of Loss, and the Delay in Payment to Class Counsel

The contingent nature of the fee requested by counsel-and the substantial risk posed by the

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¹³ See also Logan, Moshman, and Moore, Attorneys' Fees Awards in Common Fund Class Actions, 24 Class Action Reports 169 (2003) (average multiplier of the 64 cases sampled was 4.5); Vizcaino v. Microsoft Corp., 290 F.3d 1043, 1050-52 (9th Cir. 2002) (surveying 34 common fund cases and affirming percentage of the fund fee award that equated to a 3.65 multiplier); Patel v. Frankfother (In re Facebook Biometric Information Privacy Litig.), 2022 WL 822923, *1 (9th Cir. 2022) (affirming common fund fee amounting to 4.71 lodestar multiplier); Patel v. Privacy Litig.), 2022 WL 822923, *1 (9th Cir. 2022) (affirming common fund fee amounting to 4.71 lodestar

multiplier); *Beckman v. KeyBank, N.A.*, 293 F.R.D. 467, 481 (S.D.N.Y. 2013) (awarding fee equal to multiplier of 6.3 and stating that "Courts regularly award lodestar multipliers of up to eight times the lodestar, and in some cases, even higher multipliers.").

1 litigation—also weigh in favor of awarding the requested fee. *See Laffitte*, 1 Cal. 5th at 504 (trial court
2 properly considered risks of the litigation and on contingency). Indeed:

[i]t is an established practice in the private legal market to reward attorneys for taking the risk of non-payment by paying them a premium over their normal hourly rates for winning contingency cases. *See* Richard Posner, Economic Analysis of Law § 21.9, at 534-35 (3d ed. 1986). Contingent fees that may far exceed the market value of the services if rendered on a non-contingent basis are accepted in the legal profession as a legitimate way of assuring competent representation for plaintiffs who could not afford to pay on an hourly basis regardless whether they win or lose.

In re Wash. Pub. Power Supply Sys. Sec. Litig., 19 F.3d 1291, 1299 (9th Cir. 1994); *see also Omnivision*, 559 F. Supp. 2d at 1047 ("The importance of assuring adequate representation for plaintiffs . . . justifies providing those attorneys who do accept matters on a contingent fee basis a larger fee than if they were billing by the hour or on a flat fee."); *Ketchum v. Moses*, 24 Cal. 4th 1122, 1133 (2001).

Having undertaken this case on a *fully* contingent basis, Class Counsel have received no compensation for the nearly six and a half years they have been prosecuting this matter, despite having invested over 11,574 hours of work—equating to a total lodestar of \$6,993,376—and having incurred out-of-pocket hard costs of \$461,729.60. The only certainties were that there would be no fee or expense reimbursement without a successful result, and that such a result would only be realized after substantial amounts of time, effort, and expense had been expended. Class Counsel have, therefore, borne the risk that any compensation and expense reimbursement would be contingent on the result achieved, as well as on this Court's discretion in awarding fees and expenses.

The risk of no recovery in complex cases like this one is very real. Class Counsel know from personal experience that despite the most vigorous and competent of efforts, success in contingent class action litigation is never guaranteed. *See, e.g., In re: Korean Ramen Antitrust Litigation*, Case No. 3:13-cv-04115 (N.D. Cal. Dec. 17, 2018) (GPM served as Co-Lead Counsel where, after more than five years of litigation, a plethora of foreign discovery, the expenditure of many millions of dollars in attorney time and hard costs, as well as a multi-week trial, the jury returned a verdict in favor of defendants alleged to have conspired to fix the prices of Korean ramen noodles).¹⁴

¹⁴ See also Crago v. Charles Schwab & Co., Inc., No. 3:16-cv-03938 (N.D. Cal.) (GPM, serving as Co-Lead counsel, litigated from 2016-2023; class certification denied after extensive discovery); Gross v. GFI Group,

1 Moreover, the risks *in this case* were even greater than most. As set forth in the Final Approval 2 Memorandum (§III.B.2-3) and the Rotter Declaration (¶ 20-24), Class Counsel and Plaintffs faced significant 3 risks regarding their ability to establish both liability and damages on a classwide basis, particularly given that the Defendant is a governmental entity. See Mollner v. City of Los Angeles, No. 22STCV32888, slip op. (Los 4 Angeles Cnty. Sup. Ct. Aug. 29, 2023) (striking class action allegations for refund pursuant to Health and 5 Safety Code section 5472) (Ex. 23).¹⁵ While Class Counsel and Plaintiffs believe they ultimately would have 6 prevailed, success at the pleading stage, class certification, trial and on appeal was always far from certain. 7 8 These risks existed at the time the case was filed, and they continued until the end. The exceedingly high 9 contingent risk borne by Class Counsel strongly supports the requested fee. See Ketchum v. Moses, 24 Cal. 4th 1122, 1132 (2001) ("[A] contingent fee contract, since it involves a gamble on the result, may properly 10 provide for a larger compensation than would otherwise be reasonable."); DeStefano v. Zynga, Inc., 2016 WL 11 12 537946, at *18 (N.D. Cal. Feb. 11, 2016) ("[W]hen counsel takes on a contingency fee case and the litigation 13 is protracted, the risk of non-payment after years of litigation justifies a significant fee award.").

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4. Awards Made in Similar Cases

As set forth above, Class Counsel's fee request of 33¹/₃% of the Settlement Fund falls squarely within the range of reasonable attorneys' fee awards accepted by California and federal courts. *See, supra,* §II.C.; *see also* Ex. 13 (collecting California state court cases); Ex. 14 (collecting federal court cases); Ex. 6 (Pearl Decl.), ¶¶35-6 & Ex. B. In short, the fee requested is consistent with the fees awarded in other cases.

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5.

Quality of Counsel and the Skill Displayed in Litigation

The skill, experience, and ability of the attorneys who prosecuted this case also support the requested fee award. Class Counsel has earned a national reputation for excellence through many years of litigating complex civil actions throughout the country, and their abilities and the quality of their work is evidenced by the the fact that they were able, *inter alia*, navigate the ever changing byzantine laws governing litigation *Inc.*, 784 Fed. Appx. 27 (2d Cir. Sept. 13, 2019) (affirming summary judgment against plaintiff, following

¹⁵ See also Dreher v. City of Los Angeles Dept. of Water and Power, No. 19STCV07272, slip op. at p.61 (Los Angeles Super. Ct. Mar. 17, 2023) ("Because the court finds that the pay under protest provisions of [Health and Safety Code] section 5472 apply, and neither Petitioners individually nor purported class members

and Safety Code] section 5472 apply, and neither Petitioners individually nor purported class members and section with these provisions, Petitioners are barred from any recovery of past charges.") (Ex. 24).

Inc., 784 Fed. Appx. 27 (2d Cir. Sept. 13, 2019) (affirming summary judgment against plaintiff, following four years of litigation, discovery in the U.S. and U.K., and the expenditure of millions of dollars of attorney time and hard costs, where GPM served as Co-Lead Counsel).

againt governmental entities in the California, overcome three dispositive motions, engage in extensive
 discovery, prepare for and prevail in a four-day bench trial, and negotiate an outstanding result for the Class.
 See Ex. 7-C (GPM firm resume); *see also Cullen v. Whitman Med. Corp.*, 197 F.R.D. 136, 149 (E.D. Pa. 2000)
 ("The single clearest factor reflecting the quality of class counsels' services to the class are the results
 obtained.").

The quality of opposing counsel is also important in evaluating the quality of the work done by Lead 6 Counsel. See, e.g., Heritage Bond, 2005 WL 1594403, at *20. Class Counsel were opposed in this litigation 7 8 by counsel from the Office of the Los Angeles City Attorney and Colantuono, Highsmith & Whatley, P.C., 9 both of which have well-deserved reputations for vigorous advocacy on behalf of their clients. Lead Counsel 10 were nevertheless able to develop a case that was sufficiently strong to acheive a fair, reasonable and adequate recovery to the Class. "The ability of [Class] Counsel to negotiate a favorable settlement in the face of 11 12 formidable legal opposition further evidences the reasonableness of the fee award requested." In re Delphi 13 Corp. Sec., Deriv. & ERISA Litig., 248 F.R.D. 483, 504 (E.D. Mich. 2008).

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6. The Reaction of the Class

To date, no Class member has objected to the attorneys' fee request. *See* Ex. 1 (Nordskog Decl.), at
¶¶18-20 & Ex. G. (sole objection unrelated to fee request). "The absence of objections or disapproval by class
members to Class Counsel's fee request further supports finding the fee request reasonable." *Heritage*, 2005
WL 1594403, at *21. And the Plaintiffs support Class Counsel's fee request. *See* Ex. 2, ¶9; Ex. 3, ¶9.

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III.

CLASS COUNSEL'S LITIGATION EXPENSES SHOULD BE REIMBURSED

Attorneys who create a common fund for the benefit of a class are entitled to reimbursement from the
fund of reasonable litigation expenses. *See Rider*, 11 Cal. App. 4th at 1423 n.6; *Vincent v. Reser*, 2013 WL
621865, at *5 (N.D. Cal. Feb. 19, 2013). In determining whether particular costs are compensable, courts
consider whether they are of the type typically billed by attorneys to paying clients in the marketplace. *See Harris v. Marhoefer*, 24 F.3d 16, 19 (9th Cir. 1994).

Here, Class Counsel are seeking reimbursement of costs and expenses in an aggregate amount of \$461,729.60. These expenses are itemized in Class Counsel's Declarations (¶41; Ex. 7-B) and include: (i) court reporters and transcripts; (ii) filing and other fees; (iii) online research; (iv) photocopies;

1 (v) telephone; (vi) mediation fees; (vii) expert fees; (viii) travel; (ix) trial support; and (x) a document 2 hosting/review platform. These types of expenses are normally charged to paying clients and awarded by 3 courts. See In re Am. Bus. Fin. Services Inc. Noteholders Litig., No. 05-232, 2008 WL 4974782, at *18 (E.D. Pa. Nov. 21, 2008) (approving expenses for "duplication costs, online legal research, travel, meals, experts, 4 5 telephone, fax services, transcripts, postage, messenger, mediator, filing and court fees, service fees, and transportation" based on declarations of counsel); In re Global Crossing Sec. & ERISA Litig., 225 F.R.D. 436, 6 468 (S.D.N.Y. 2004) ("investigative and expert witnesses, filing fees, service of process, travel, legal research 7 8 and document production and review . . . are properly chargeable to the Settlement fund."). They should, 9 therefore, be reimbursed out of the common fund.

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IV. A SERVICE AWARD OF \$15,000 TO EACH PLAINTIFF IS APPROPRIATE

Lead Counsel seek service awards in the amount of \$15,000 to each Plaintiff. Such awards are 11 12 reasonable and merited in this case as the significant amount of time spent by Plaintiffs over the course of 13 nearly six and a half years in the service of others was time they could have otherwise spent on professional, investing, or personal activities. The service and time devoted to the litigation by each Plaintiff is set forth in 14 their respective declarations. Exs. 2-3. Plaintiffs performed a public service through their willingness to step 15 forward and represent the Class and, as such, approval of these awards is warranted as a matter of public policy 16 and appropriate. See In re Micro Focus Intern'l PLC Sec. Litig., No. 18CIV01549, slip op. at ¶16 (San Mateo 17 18 Super. Ct., July 27, 2023) (awards of \$15,000 to each plaintiff) (Ex. 25); In re Sunrun, Inc. S'holder Litig., No. CIV538215 (San Mateo Super. Ct. Dec. 14, 2018) (awarding two plaintiffs \$16,000 and \$15,000, 19 20 respectively) (Ex. 27).

$21 \parallel V.$ CONCLUSION

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For the forgoing reasons, Class Counsel respectfully requests that the Court grant the motion.

1	1 DATED: November 15, 2023 GLANCY PRON	GAY & MURRAY LLP
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	16 MEMORANDUM IN SUPPORT OF APPLICATION FOR A	TTORNEYS' FEES AND EXPENSES

PROOF OF SERVICE BY ELECTRONIC POSTING I, the undersigned say: I am not a party to the above case, and am over eighteen years old. On November 15, 2023, I served true and correct copies of the foregoing document, by posting the document electronically to One Legal File&Serve, for receipt electronically by the parties listed on the Court's Service List. I affirm under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on November 15, 2023, at Los Angeles, California. s/ Jonathan M. Rotter Jonathan M. Rotter