UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

JAMES RUFFULO, et al., individually and on behalf of all others similarly situated, Plaintiffs, v. FARMERS INSURANCE EXCHANGE, et al., Defendants.	Case No. CV 23-1796 FMO (MAAx) **ORDER RE: FINAL APPROVAL OF CLASS ACTION SETTLEMENT**

Having reviewed and considered all the briefing filed with respect to plaintiffs' Motion for Final Approval of Collective and Class Action Settlement (Dkt. 120, "Motion"), and Motion for Attorneys' Fees, Litigation Costs and Class Representatives' Service Award Payments (Dkt. 118, "Fee Motion"), and the oral argument presented during the final fairness hearing held on June 4, 2026, the court concludes as follows.

BACKGROUND

On March 9, 2023, James Ruffulo ("Ruffulo") and Valerie Yankus ("Yankus") (collectively, "plaintiffs") filed this putative class and collective action against Farmers Insurance Exchange, Farmers Group, Inc., Truck Insurance Exchange, and Fire Insurance Exchange (collectively, "defendants" or "Farmers"). (See Dkt. 1, Complaint). On March 11, 2024, plaintiffs filed the operative Third Amended Complaint (Dkt. 52, "TAC"), asserting claims for violations of: (1) the Fair Labor Standards Act ("FLSA"), 29 U.S.C. §§ 201, et seq., (see id. at ¶¶ 153-61); (2) California's Fair Employment and Housing Act ("FEHA"), Cal. Gov't Code §§ 12900, et seq., (see id. at ¶¶ 162-87); and (3) California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§

17200, et seq. (See id. at ¶¶ 188-98). The claims were brought on behalf of Farmers Insurance agents who worked outside the state of California. (See id. at ¶¶ 118, 133, 142).

With respect to the FLSA claim, plaintiffs allege that defendants misclassified them as independent contractors and thus failed to pay them for overtime work. (See Dkt. 52, TAC at ¶¶ 3-4, 153-61). As to FEHA, plaintiffs assert claims for: (1) age discrimination; and (2) failure to prevent age discrimination. (See id. at ¶¶ 162-87). Plaintiffs allege that in 2017, defendants instituted the Managing Underperforming Agents ("MUA") program "that was nothing more than a pretext to discard [insurance] agents on the basis of age and to replace them with 'new blood' – in other words, with younger insurance agents who would work under new and cheaper contracts." (Id. at ¶ 5). According to plaintiffs, "[w]hile Farmers compelled local district managers and/or supervisors to break the specific news to insurance agents that they were being terminated pursuant to the MUA program, the terminations themselves were directed from Farmers' nerve center in California[.]" (Id.). Finally, plaintiffs' UCL claim is based on alleged violations of the FLSA and FEHA. (See id. at ¶¶ 188-98).

On March 17, 2025, the court granted in part and denied in part defendants' motion to dismiss. (Dkt. 82, Court's Order of March 17, 2025). The court granted the motion as to the UCL claim predicated on violations of the FLSA. (Id. at 7-8). The court denied the motion in all other respects. (Id.). Defendants filed their answers on March 31, 2025, (see Dkts. 83, 84), and on May 8, 2025, filed a Motion to Certify for Interlocutory Appeal the Court's Order of March 17, 2025 ("Motion to Certify"). (See Dkt. 89). After the parties briefed the Motion to Certify, (see Dkts. 92, 95), they filed a notice of settlement, (see Dkt. 96), and defendants withdrew their Motion to Certify. (See Dkt. 97).

The parties have defined the settlement classes as follows:

> FEHA Class: "[A]ll individuals not excluded pursuant to Section 4 who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement; (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency outside of the state of California at any time during the Settlement Class Period[;] (iii) whose

appointment was terminated by Farmers in connection with the Managing Underperforming Agents Process[;] and (iv) who was 40 years of age or older on the effective date of their appointment's termination."[1] (Dkt. 106-2, Exh. 1, Class Action Settlement and Release Agreement ("Agreement") at § 1.8).

FLSA Collective: "[A]ll individuals not excluded pursuant to Section 5 who (i) signed a Farmers Agent Appointment Agreement or a Farmers Corporate Agent Appointment Agreement not containing an agreement to arbitrate; and (ii) worked as a Farmers agent or Supervising Agent for an incorporated Farmers agency outside of the state of California at any time during the Settlement Class Period[.]"[2] (Dkt. 106-2, Exh. 1, Agreement at § 1.13).[3]

The Settlement Class Period is from March 9, 2020, to September 30, 2025. (See Dkt. Exh. 1, 106-2, Agreement at § 1.34).

Pursuant to the settlement, defendants will pay up to $10 million, (see Dkt. 106-2, Exh. 1, Agreement at §§ 1.18, 8.2), which will be used to pay class members, the class representatives' service awards, the settlement administrator, and attorney's fees and costs. (See id. at §§ 3.4, 8.1, 8.4, 8.5, 8.6). The settlement provides for up to 33.33% of the gross settlement amount in attorney's fees, (see id. at § 8.4); (Dkt. 114-1, Second Addendum to Class Action Settlement and Release Agreement ("Second Addendum") at § 8.4); (Dkt. 117, Court's Order of January 5, 2026

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[1] Excluded from the FEHA Class "is any person who during or before the Settlement Class Period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) received awards through civil or administrative actions for the claims asserted in this Action." (Dkt. 106-2, Exh. 1, Agreement at § 4.1).

[2] Excluded from the FLSA Collective "is any person who during or before the Settlement Class Period: (i) settled the claims asserted in this Action, (ii) released the claims asserted in this Action as part of a settlement, (iii) received an adverse final judgment or order in a civil or administrative action involving the claims asserted in this Action, or (iv) received awards through civil or administrative actions for claims asserted in this Action." (Dkt. 106-2, Exh. 1, Agreement at § 5.1).

[3] For ease of reference, the court at times will refer to the FEHA Class and FLSA Collective together as the "class" or "classes."

("Preliminary Approval Order" or "PAO") at 4), and an incentive payment of $10,000 for each named plaintiff. (See Dkt. 106-2, Exh. 1, Agreement at § 8.5). The settlement administrator, Epiq Class Action & Claims Solutions, Inc. ("Epiq"), will be paid no more than $114,000. (Id. at §§ 1.31, 3.4); (Dkt. 117, PAO at 4). The settlement amount will be allocated 55% to members of the FEHA Class ("FEHA Allocation") on a pro rata basis, and 45% to participating FLSA Collective members ("FLSA Allocation") based on the number of weeks worked by the participating FLSA collective member.[4] (See Dkt. 106-2, Exh. 1, Agreement at §§ 8.1.1, 8.1.2, 8.1.2.1); (Dkt. 117, PAO at 4).

On January 5, 2026, the court granted preliminary approval of the settlement, and appointed Epiq as the settlement administrator. (See Dkt. 117, PAO at 21-22). Epiq implemented the notice program approved by the court. (See Dkt. 120-12, Declaration of Stephen Donaldson Regarding Notice and Settlement Administration ("Donaldson Decl.") at ¶¶ 7-17); (Dkts. 120-14-120-17, Exhs. B-E) (Class Notices). As of April 30, 2026, Epiq had not received any requests for exclusion from the FEHA Class.[5] (See Dkt. 120-12, Donaldson Decl. at ¶ 18). One objection from a FLSA Collective member was submitted. (See id. at ¶ 19); (Dkt. 119, Objection of Frederick J. McCumber ("McCumber Objection").

Plaintiffs now seek (1) final approval of the settlement; (2) attorney's fees and costs; and (3) incentive payments for plaintiffs. (See Dkt. 120, Motion at 2); (Dkt. 118, Fee Motion at 2).

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[4] The FLSA Allocation will be "distributed proportionally based on the number of workweeks each FLSA Collective Member was appointed as a Farmers insurance agent during the Settlement Class Period." (Dkt. 106-2, Exh. 1, Agreement at § 8.1.2.1). Specifically, "each Participating FLSA Collective Member's share will be determined by dividing the FLSA Collective Allocation by the total number of workweeks that the FLSA Collective Members worked during the Settlement Class Period, then multiplying that sum by the total number of workweeks worked by the Participating FLSA Collective Member during the Settlement Class Period." (Id.).

[5] As of April 30, 2026, Epiq had received 2,083 FLSA Opt-In Forms for 1,804 unique participating FLSA Collective Members. (See Dkt. 120-12, Donaldson Decl. at ¶ 20). Two opt-ins were denied "due to their excessive untimeliness[,]" and three were denied for being incomplete. (See id.). As of April 30, 2026, Epiq was still receiving, reviewing, and processing claims. (See id. at 9 n. 4).

LEGAL STANDARD

Federal Rule of Civil Procedure 23[6] provides that "[t]he claims, issues, or defenses of a certified class . . . may be settled . . . only with the court's approval." Fed. R. Civ. P. 23(e). "Courts reviewing class action settlements must ensure that unnamed class members are protected from unjust or unfair settlements affecting their rights, while also accounting for the strong judicial policy that favors settlements, particularly where complex class action litigation is concerned." Campbell v. Facebook, Inc., 951 F.3d 1106, 1121 (9th Cir. 2020) (internal quotation and alteration marks omitted). A "district court has a fiduciary duty to look after the interests of . . . absent class members[,]" Allen v. Bedolla, 787 F.3d 1218, 1223 (9th Cir. 2015), and must examine the settlement for "overall fairness[.]" In re Hyundai & Kia Fuel Econ. Litig., 926 F.3d 539, 569 (9th Cir. 2019) (en banc). The court may not "delete, modify or substitute certain provisions." Id. (internal quotation marks omitted). "The settlement must stand or fall in its entirety." Dennis v. Kellogg Co., 697 F.3d 858, 868 (9th Cir. 2012) (internal quotation marks omitted).

Approval of a class action settlement requires the court to conduct a two-step inquiry.[7] First, the court must determine whether the notice requirements of Rule 23(c)(2)(B) have been satisfied. Second, it must conduct a hearing to determine whether the settlement is "fair, reasonable, and adequate[.]" Fed. R. Civ. P. 23(e)(2). In determining whether a settlement is fair, reasonable, and adequate, the court must consider whether:

> (A) the class representatives and class counsel have adequately represented the class; (B) the proposal was negotiated at arm's length; (C) the relief provided for the class is adequate, taking into account: (i) the costs, risks, and delay of trial and appeal; (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing

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[6] All further "Rule" references are to the Federal Rules of Civil Procedure.

[7] If the class action is governed by CAFA, the court must also assess whether CAFA's notice requirements have been met. See 28 U.S.C. § 1715(d). Here, CAFA notice was provided to appropriate state and federal agencies, and no responses were received. (See Dkt. 120-12, Donaldson Decl. at ¶ 4); (Dkt. 122, Declaration of Seth R. Lesser ("Lesser Decl.") at ¶ 2).

> class-member claims; (iii) the terms of any proposed award of attorney's fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23(e)(3); and (D) the proposal treats class members equitably relative to each other.

Id.; McKinney-Drobnis v. Oreshack, 16 F.4th 594, 607 (9th Cir. 2021) ("In 2018, Congress amended Rule 23(e)(2) to provide specific factors for a district court to consider in determining whether a settlement is 'fair, reasonable, and adequate.'").

Whether the settlement agreement is negotiated prior to or after class certification, the court must apply a "higher level of scrutiny for evidence of collusion or other conflicts of interest[.]" In re Bluetooth Headset Prods. Liab. Litig., 654 F.3d 935, 946 (9th Cir. 2011); see McKinney-Drobnis, 16 F.4th at 608 (same); Briseño v. Henderson, 998 F.3d 1014, 1022 (9th Cir. 2021) ("Under the newly revised Rule 23(e)(2), courts should apply the Bluetooth factors even for post-class certification settlements.") (formatting omitted); id. at 1025 (holding that "courts must apply Bluetooth's heightened scrutiny to post-class certification settlements in assessing whether the division of funds between the class members and their counsel is fair and 'adequate'") (citing Fed. R. Civ. P. 23(e)(2)(C)). Courts should look for signs of collusion, subtle or otherwise, including "(1) when counsel receive a disproportionate distribution of the settlement, or when the class receives no monetary distribution but class counsel are amply rewarded[;]" "(2) when the parties negotiate a 'clear sailing' arrangement[;]"[8] and "(3) when the parties arrange for fees not awarded to revert to defendants rather than be added to the class fund[.]" Bluetooth, 654 F.3d at 947 (internal quotation marks and citations omitted); Campbell, 951 F.3d at 1125 (same).

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[8] The Ninth Circuit defines a "clear sailing" agreement as one "providing for the payment of attorneys' fees separate and apart from class funds," Bluetooth, 654 F.3d at 947, and also as one where "the defendant agrees not to oppose a petition for a fee award up to a specified maximum value." Id. at 940 n. 6; Roes, 1-2 v. SFBSC Mgmt., LLC, 944 F.3d 1035, 1049 (9th Cir. 2019) (defining a clear sailing agreement as "an arrangement where defendant will not object to a certain fee request by class counsel") (internal quotation marks omitted).

DISCUSSION

I. FINAL APPROVAL OF CLASS SETTLEMENT.

A. Class Certification.

In its order granting preliminary approval, the court certified the class pursuant to Rule 23(b)(3). (See Dkt. 117, PAO at 8-15, 22). Because circumstances have not changed, the court hereby affirms its order certifying the class for settlement purposes under Rule 23(e).[9] See, e.g., Gonzalez v. BMC West, LLC, 2018 WL 6318832, *5 (C.D. Cal. 2018) ("In its Preliminary Approval Minute Order, the Court certified the Settlement Class in this matter under Rules 23(a) and 23(b)(3). Accordingly, the Court need not find anew that the settlement class meets the certification requirements of Rule 23(a) and (b).") (internal quotation marks and citation omitted).

B. Rule 23(c) Notice Requirements.

Class actions brought under Rule 23(b)(3) must satisfy the notice provisions of Rule 23(c)(2), which require the "best notice that is practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort." See Fed. R. Civ. P. 23(c)(2)(B) (enumerating notice requirements for classes certified under Rule 23(b)(3)).

Here, after undertaking the required examination, the court approved the form of the Class Notices and notification procedures. (See Dkt. 117, PAO at 19-21). As discussed above, the notice program was implemented by Epiq. (See Dkt. 120-12, Donaldson Decl. at ¶¶ 7-17); (Dkts. 120-14 to 120-17, Exhs. B-E) (Class Notices and Forms). Based on the record and its prior findings, the court finds that the Class Notices, and the notice process fairly and adequately informed the class members of the nature of the action, the terms of the proposed settlement, the effect of the action and release of claims, and the class members' right to object to the proposed settlement. See Fed. R. Civ. P. 23(c)(2)(B).

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[9] The court also certified the FLSA Collective, (see Dkt. 117, PAO at 22 n. 13), and sees no need to disturb that determination.

C. Whether the Class Settlement Is Fair, Adequate and Reasonable.

1. **Adequate Representation and Arm's-Length Negotiations**.

Rule 23(e)(2) requires the court to consider whether "the class representatives and class counsel have adequately represented the class" and whether the settlement "was negotiated at arm's length[.]" Fed. R. Civ. P. 23(e)(2)(A)-(B); see McKinney-Drobnis, 16 F.4th at 607. The court previously addressed the adequacy of counsel and the arm's-length negotiation factors in connection with the motion for preliminary approval. (See Dkt. 117, PAO at 11-12, 15-16). With respect to the latter factor, the court noted that "the settlement negotiations were supervised by a mediator and were conducted at arm's length" after counsel "reviewed thousands of pages of documents from parallel cases[.]" (Id. at 15) (internal quotation and alteration marks omitted). The court found that "[t]he parties had a sound basis for measuring the terms of the settlement against the risks of continued litigation, and there [was] no evidence that the settlement [was] the product of fraud or overreaching by, or collusion between, the negotiating parties." (Id. at 15-16). Based on the record before the court, and the court's previous findings, the court finds these factors weigh in favor of granting final approval.

2. **The Relief Provided to the Class is Adequate**.

In evaluating whether the relief provided to the class is adequate, the court considers: (i) "the costs, risks, and delay of trial and appeal; (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims; (iii) the terms of any proposed award of attorney's fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23(e)(3)[.]" Fed. R. Civ. P. 23(e)(2)(C)(i)-(iv).

a. *Costs, Risks, and Delay*.

In granting preliminary approval, the court found that the class recovery was fair and reasonable, "particularly when viewed in light of the litigation risks and the costs, and delay of trial and appeal." (Dkt. 117, PAO at 16). Here, it is significant that class members will receive a meaningful monetary recovery "by way of the compromise to the mere possibility of relief in the future, after protracted and expensive litigation." Medina v. Evolve Mortg. Servs., LLC, 718 F.Supp.3d 1162, 1173 (C.D. Cal. 2023) (internal quotation marks omitted); see also Linney v.

Cellular Alaska P'ship, 151 F.3d 1234, 1242 (9th Cir. 1998) ("The fact that a proposed settlement may only amount to a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved.") (internal quotation marks omitted). If all requested fees, costs, and incentive awards are granted, the average individual settlement payment for FEHA class members will be $14,089.35.[10] (See Dkt. 122, Lesser Decl. at ¶ 4). In short, the court finds the costs, risks and delay of trial and appeal support approval of the settlement.

b. *Method of Distribution*.

Rule 23(e) directs the court to consider the "effectiveness of any proposed method of distributing relief to the class[.]" Fed. R. Civ. P. 23(e)(2)(C)(ii). Here, the settlement does not include a claims procedure. (See, generally, Dkt. 106-2, Exh. 1, Agreement). Instead, FEHA class members will receive a pro rata share of the FEHA Allocation without having to submit a claim form.[11] (See id. at § 8.1.1). Under the circumstances, the court is persuaded that the method of distribution is fair and is intended "to get as much of the available damages remedy to class members as possible and in as simple and expedient a manner as possible." 4 Newberg and Rubenstein on Class Actions § 13:53, at 557 (6th ed. 2022) ("Newberg"). Thus, this factor weighs in favor of final approval.

c. *Attorney's Fees*.

Rule 23(e) requires the court to consider "the terms of any proposed award of attorney's fees, including timing of payment" in determining whether the settlement is fair, adequate, and reasonable. See Fed. R. Civ. P. 23(e)(2)(C)(iii). This factor "impos[es] an obligation on district courts to examine whether the attorneys' fees arrangement shortchanges the class." McKinney-Drobnis, 16 F.4th at 607 (internal quotation marks omitted). Courts "must balance the proposed award of attorney's fees vis-à-vis the relief provided for the class[.]" Id. (internal quotation marks

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[10] The average individual payment for FLSA Collective members will be $335.39. (See Dkt. 122, Lesser Decl. at ¶ 4).

[11] The FLSA Collective members who submitted timely FLSA Opt-In Forms also did not need to submit a claim form. (See Dkt. 106-2, Exh. 1, Agreement at § 8.1.2, 8.1.2.1).

omitted). This requires a court to assess the proposed attorney's fees award under the Bluetooth factors. See, e.g., id. at 608 ("If we conclude that the district court did not adequately consider the Bluetooth factors, and therefore did not adequately consider signs that the parties had negotiated an unreasonable amount of attorneys' fees in assessing settlement fairness in the first instance, then we must vacate and remand the Approval Order [in addition to the attorneys' fee award], so that the court may appropriately factor this into its Rule 23(e) analysis.") (internal quotation marks omitted) (alteration in original).

Here, application of the Bluetooth factors to the requested attorney's fees award does not undermine the fairness of the settlement. First, the settlement does not include an explicit clear sailing provision, (see, generally, Dkt. 106-2, Exh. 1, Agreement at § 8.4), and any fees not awarded will not revert to defendant; instead, the fees will be added to the settlement funds from which payments to class members will be made. (See Dkt. 120-1, Plaintiffs' Memorandum of Points and Authorities in Support of Motion for Final Approval ("Memo") at 16). Second, plaintiffs seek 29% of the common fund, (see Dkt. 118-1, Plaintiffs' Memorandum in Support of Motion for Attorney's Fees ("Fees Memo") at 3), which is higher than the Ninth Circuit's 25% benchmark. See Bluetooth, 654 F.3d at 942 ("[C]ourts typically calculate 25% of the fund from the 'benchmark' for a reasonable fee award[.]"). But the 25% benchmark "can be adjusted upward or downward, depending on the circumstances[,]" In re Hyundai, 926 F.3d at 570, and, as discussed below, plaintiffs have provided an adequate explanation justifying an upward departure in the benchmark. See infra at § II.A. Finally, as to the timing of payment, this case appears to be typical in that the attorney's fees were sought as part of settlement approval and will paid during the settlement process following final approval. See 4 Newberg § 13:54, at 564 ("Typically, attorney's fees are sought in conjunction with settlement approval and are paid simultaneously to the class's recovery."). In short, there is nothing in the record to indicate that there has been "a tradeoff between merits relief and attorney's fees[.]" Staton v. Boeing Co., 327 F.3d 938, 964 (9th Cir. 2003) (internal quotation marks and citation omitted); see also Bluetooth, 654 F.3d at 947 (noting that a sign of collusion includes "when counsel receive a disproportionate distribution of the settlement, or when the class receives no monetary distribution but class counsel are amply rewarded") (internal quotation marks and citations omitted).

d. *Additional Agreements*.

This factor considers "any agreement required to be identified under Rule 23(e)(3)[.]"[12] Fed. R. Civ. P. 23(e)(2)(C)(iv). No such agreements are at issue in this case. (See Dkt. 122, Lesser Decl. at ¶ 3).

3. **Equitable Treatment of Class Members**.

Rule 23(e)(2) requires the court to consider whether the settlement "treats class members equitably relative to each other." Fed. R. Civ. P. 23(e)(2)(D). "A distribution of relief that favors some class members at the expense of others may be a red flag that class counsel have sold out some of the class members at the expense of others, or for their own benefit." 4 Newberg § 13:48, at 518.

In granting preliminary approval, the court noted the allocation plan, (see Dkt. 117, PAO at 4 & n.5), and did not find any issues of concern. (Id.); (see, generally, id. at 16-17). The settlement treats FEHA class members equitably relative to each other in that members who did not opt out will receive a pro rata share of the FEHA Allocation.[13] (See Dkt. 106-2, Exh. 1, Agreement at § 8.1.1). Thus, this factor also weighs in favor of final approval.

4. **The Reaction of Class Members to the Proposed Settlement**.

The reaction of the class members to the proposed settlement has been very positive. Significantly, with respect to the FEHA Class, there were no objections and only a single untimely request for exclusion. (See 120-12, Donaldson Decl. at ¶ 18); (Dkt. 120-1, Memo at 13-14). The lack of objections and the untimely opt-out further supports approval of the settlement. See, e.g., Gong-Chun v. Aetna Inc., 2012 WL 2872788, *16 (E.D. Cal. 2012) (settlement approved when less

[12] Rule 23(e)(3) provides that "[t]he parties seeking approval [of a settlement] must file a statement identifying any agreement made in connection with the proposal."

[13] The FLSA Collective members are also treated fairly as their share of the FLSA Allocation will be based on the number of workweeks worked. (See Dkt. 106-2, Exh. 1, Agreement at §§ 8.1.2, 8.1.2.1).

than two percent of the class members opted out and no objections were received); Barcia v. Contain-A-Way, Inc., 2009 WL 587844, *4 (S.D. Cal. 2009) (finding this factor weighed in favor of approval of settlement when there were only 56 opt-outs out of 2,385 class members and there were no objections).

With respect to the FLSA Collective, one objection was filed. (See Dkt. 120-12, Donaldson Decl. at ¶ 19); (Dkt. 119, McCumber Objection). McCumber's objection is based on three grounds, (see Dkt. 119, McCumber Objection at ECF 2), none of which undermine the fairness, reasonableness, or adequacy of the settlement. McCumber argues that the settlement is unfair because it "does not sufficiently cover the actual damages incurred" since his estimated payment of $259.73 "is a fraction of [his] actual losses." (Id.). He argues that based on the number of weeks he worked during the settlement period, his overtime "exceeds . . . the current pro-rata allocation." (See id.). In other words, McCumber takes issue with his individual payment. However, objections to individual settlement payments do not undermine the fairness of a settlement. See Jimenez v. Allstate Ins. Co., 2021 WL 4316961, *8 (C.D. Cal. 2021) ("The three objections do not provide substantial evidence to support a finding that the Settlement is unfair, inadequate or unreasonable. Instead, these Class Members challenge the calculation of their individual settlement payments."). McCumber also contends that the FLSA Allocation "is insufficient to address the miscalculation claims of agents who worked extensive hours outside of California." (Dkt. 119, McCumber Objection at ECF 2). McCumber, however, "provide[s] no alternative evidence for [his] damages assertions, and so [his] objection[] will be overruled as speculative." Carlin v. DairyAmerica, Inc., 380 F.Supp.3d 998, 1015 (E.D. Cal. 2019). Indeed, McCumber appears to ignore that the FLSA claim faced adverse decisions on agent misclassification. (See Dkt. 117, PAO at 16 & n. 12). Moreover, as noted above, "[t]he fact that a proposed settlement may only amount to a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved." Linney, 151 F.3d at 1242 (internal quotation marks omitted); see id. ("[T]he very essence of a settlement is compromise, a yielding of absolutes and an abandoning of highest hopes.") (internal quotation marks omitted).

In short, the court finds that the settlement is fair, reasonable, and adequate, and not the product of collusion.

II. ATTORNEY'S FEES, COSTS, AND SERVICE AWARD.

A. Attorney's Fees.

Rule 23(h) provides that, "[i]n a certified class action, the court may award reasonable attorney's fees and nontaxable costs that are authorized by law or by the parties' agreement." Fed. R. Civ. P. 23(h). Attorney's fees in class actions are determined "using either the lodestar method or the percentage-of-recovery method." In re Hyundai, 926 F.3d at 570; Bluetooth, 654 F.3d at 942 (noting that where a "[class action] settlement produces a common fund[,] . . . courts have discretion to employ either the lodestar method or the percentage-of-recovery method"). The court's discretion in choosing between these two methods "must be exercised so as to achieve a reasonable result." Bluetooth, 654 F.3d at 942. The lodestar method is typically utilized when the relief obtained is "not easily monetized," such as when injunctive relief is part of the settlement. See id. at 941. The percentage-of-recovery method is typically used when a common fund is created. See id. at 942. "Whichever method is chosen, courts often employ the other method as a cross-check that the award is reasonable." In re Apple Inc. Device Performance Litig., 50 F.4th 769, 784 (9th Cir. 2022).

Under the lodestar method, the court multiplies the number of reasonable hours expended by a reasonable hourly rate. See In re Hyundai, 926 F.3d at 570. Once the lodestar has been calculated, the court may "adjust the resulting figure upward or downward to account for various factors, including the quality of the representation, the benefit obtained for the class, the complexity and novelty of the issues presented, and the risk of nonpayment[.]" Id. (internal citation omitted). However, "adjustments to the lodestar [calculation] are the exception rather than the rule." Stanger v. China Elec. Motor, Inc., 812 F.3d 734, 738 (9th Cir. 2016) (internal quotation marks omitted).

Under the "percentage-of-the-fund" or "percentage-of-recovery" method, the "court simply awards the attorneys a percentage of the fund sufficient to provide class counsel with a reasonable fee, using 25% as a benchmark." In re Hyundai, 926 F.3d at 570 (internal quotation marks omitted). The 25% benchmark "can be adjusted upward or downward, depending on the circumstances." Id.; Bluetooth, 654 F.3d at 942 ("[C]ourts typically calculate 25% of the fund as the 'benchmark' for a reasonable fee award, providing adequate explanation in the record of any 'special circumstances' justifying a departure."); Six (6) Mexican Workers v. Ariz. Citrus Growers, 904 F.2d 1301, 1311 (9th Cir. 1990) ("The benchmark percentage should be adjusted, or replaced by a lodestar calculation, when special circumstances indicate that the percentage recovery would be either too small or too large in light of the hours devoted to the case or other relevant factors."). In determining whether to depart from the 25% benchmark, courts consider "all of the circumstances of the case[,]" including: (1) the results achieved for the class; (2) the risk of litigation; (3) the skill required and quality of the work; (4) the contingent nature of the fee; and (5) awards in similar cases. See Vizcaino v. Microsoft Corp., 290 F.3d 1043, 1048-50 (9th Cir. 2002); Viceral v. Mistras Grp., Inc., 2017 WL 661352, *3 (N.D. Cal. 2017) (utilizing similar factors); see also In re Online DVD-Rental Antitrust Litig., 779 F.3d 934, 955 (9th Cir. 2015) (explaining that "there are no doubt many factors that a court could apply in assessing an attorneys' fees award" and that "Vizcaino does not purport to establish an exhaustive list").

Here, the court will utilize the percentage of fund method, as it is the most likely to achieve a reasonable result. See Bluetooth, 654 F.3d at 942 ("Though courts have discretion to choose which calculation method they use, their discretion must be exercised so as to achieve a reasonable result."). Under the circumstances, the court finds that the requested $2,900,000 in attorney's fees, (Dkt. 118-1, Fees Memo at 3), which equates to the 29% of the fund, constitutes a reasonable fee. The court agrees with plaintiffs that the settlement results were "extraordinary" in light of defendants' repeated wins with respect to the issues raised in this action. (See id. at 4, 8) ("Defendants have not only prevailed with a jury verdict in their favor on the exact claims in this case but had . . . twice prevailed on summary judgment on agent misclassification, a threshold issue for both of Plaintiffs' claims."). Moreover, the action presented novel legal arguments, including whether FEHA applied extraterritorially. (See id. at 8 n. 5).

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B. Costs.

Class counsel seek $35,583.67 in costs. (See Dkt. 118-1, Fees Memo at 20). The court finds that the costs incurred by class counsel over the course of this litigation are reasonable, and therefore awards a total of $35,583.67 in costs.

C. Class Representative Service Awards.

"[N]amed plaintiffs, as opposed to designated class members who are not named plaintiffs, are eligible for reasonable incentive payments." Staton, 327 F.3d at 977; see also Wren v. RGIS Inventory Specialists, 2011 WL 1230826, *31 (N.D. Cal. 2011) ("It is well-established in this circuit that named plaintiffs in a class action are eligible for reasonable incentive payments, also known as service awards."). In its order granting preliminary approval of the settlement, the court undertook an examination of the fairness and adequacy of the service award at issue, applying the careful scrutiny required in this Circuit. (See Dkt. 42, PAO at 18); Radcliffe v. Experian Info. Sols. Inc., 715 F.3d 1157, 1163 (9th Cir. 2013) (instructing "district courts to scrutinize carefully the awards so that they do not undermine the adequacy of the class representatives"). Based on its review of the record, the court previously determined that a service award of $5,000 to each plaintiff was reasonable. (See Dkt. 117, PAO at 19). The court sees no reason to depart from its previous determination.

CONCLUSION

Based on the foregoing, IT IS ORDERED THAT:

1. Plaintiffs' Motion for Final Approval of Collective and Class Action Settlement **(Document No. 120)** is **granted** upon the terms and conditions set forth in this Order.

2. Plaintiffs' Motion for Attorneys' Fees, Litigation Costs and Class Representatives' Service Award Payments **(Document No. 118)** is **granted** as set forth in this Order.

3. The court hereby **grants final approval** of the parties' Settlement Agreement (Document No. 106-2, Exh. 1). The court finds that the Settlement Agreement is fair, adequate and reasonable, appears to be the product of arm's-length and informed negotiations, and treats all members of the class fairly. The parties are ordered to perform their obligations pursuant to the terms of the Settlement Agreement and this Order.

4. The settlement classes are certified under Federal Rule of Civil Procedure 23(c) as defined in § 1.8 & 1.13 of the Settlement Agreement (Dkt. 106-2, Exh. 1) and this Order.

5. The form, manner, and content of the Class Notices meet the requirements of Federal Rule of Civil Procedure 23(c)(2).

6. Plaintiffs James Ruffulo and Valerie Yankus shall each be paid a service payment of $5,000.00 in accordance with the terms of the Settlement Agreement and this Order.

7. Class counsel shall be paid $2,900,000.00 in attorney's fees, and $35,583.67 in costs in accordance with the terms of the Settlement Agreement and this Order.

8. Epiq shall be paid its fees and expenses in accordance with the terms of the Settlement Agreement and this Order.

9. All FEHA Class members who did not validly and timely request exclusion have released their claims against any of the released parties (as defined in the Settlement Agreement) as set forth in the PAO, this Order, and the Settlement Agreement.[14]

10. Except as to any class members who have validly and timely requested exclusion, this action is dismissed with prejudice, with all parties to bear their own fees and costs except as set forth herein and in the prior orders of the court.

11. Without affecting the finality of this Order, the court hereby retains jurisdiction over the parties, including the class members, for the purpose of construing, enforcing, and administering the Order and Judgment, as well as the Settlement Agreement itself.

12. Judgment shall be entered accordingly.

Dated this 15th day of June, 2026.

/s/
Fernando M. Olguin
United States District Judge

[14] All FLSA Collective members that submitted FLSA Opt-In Forms have released their FLSA claims as set forth in the Settlement Agreement.