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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

LISA GARVEY and COLLETTE
DELBRIDGE, individually and on behalf
of others similarly situated,

No. C 11-02575 WHA

Plaintiff,

v.

KMART CORPORATION,

Defendant.

**ORDER GRANTING FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT AND GRANTING IN
PART THE MOTION FOR COSTS
AND PAYMENT AND ENTERING
FINAL JUDGMENT**

In this class action involving seating for Kmart cashiers, the parties jointly move for final approval of a settlement agreement. For the reasons stated below, the motion is **GRANTED**. Plaintiffs' also move for recovery of litigation costs and a payment to the individual plaintiffs. The motion is **GRANTED IN PART**.

STATEMENT

The facts have been set forth in previous orders and need not be repeated in detail (Dkt. Nos. 246, 363). To summarize, in the earlier round of this action, plaintiff Lisa Garvey alleged that defendant Kmart Corporation violated California Wage Order 7-2001(14) by not providing seats to its checkout stands cashiers. Garvey pursued her Private Attorney General Act claim as a class action, seeking to represent other Kmart cashiers in California. A prior order rejected a statewide class in favor of a class limited to cashiers in a Kmart store in Tulare, California (Dkt.

1 No. 92). Garvey’s class claim proceeded to a bench trial held from December 13 to 20. At trial,
2 class counsel failed to prove that the nature of the work at the Tulare store reasonably permitted
3 the seating modification urged by counsel. A partial judgment against Garvey and the Tulare
4 class was entered (Dkt. Nos. 246, 247).

5 That might well have been the end of the case in the district court, but an opportunity was
6 granted to add further representatives for other stores. Plaintiffs Sabrina Cline and Collette
7 Delbridge were then allowed to intervene in the action as putative class plaintiffs (Dkt. No. 289).
8 Both were former Kmart cashiers who worked at Kmart stores after the start of the class period.
9 Cline worked at a Kmart in Petaluma. Delbridge worked at a Kmart in Redlands. A subsequent
10 order dismissed from the action plaintiff Cline and certified a class of cashiers from the Redlands
11 store (Dkt. No. 363).

12 An August 2013 order granted preliminary approval of a settlement agreement covering
13 all claims of the Redlands and Tulare employees (Dkt. No. 418). The deadline to object or opt
14 out of the settlement was November 22. September and November 2013 orders approved
15 modifications to the settlement agreement, notably an addendum was executed to provide for a
16 50% greater settlement share to the Redlands class members than the Tulare class members (Dkt.
17 Nos. 423, 429). Class counsel mailed notices to the best available addresses for all class
18 members (Br. 3, 6). No objections were received. Five class members (less than three percent)
19 opted out of the settlement.

20 In January 2014, the parties appeared for a hearing on their joint motion for final
21 approval of class settlement and plaintiff’s motion for recovery of costs and an incentive
22 payment. The parties were instructed to exclude the three individuals who did not receive notice
23 of the proposed settlement and plaintiff was instructed to file invoices justifying their request for
24 \$175,000 in costs — 62% of the settlement award. On January 15, plaintiff filed a declaration
25 requesting reimbursement of \$150,600 “which represents only a portion of the costs incurred by
26 the three law firms representing the Kmart cashiers” (Dkt. No. 436). Counsel attached invoices
27 totaling \$225,541.97.
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1 ANALYSIS

2 A settlement may only be approved after a hearing and a finding that the settlement is
3 “fair, reasonable, and adequate.” FRCP 23(e). A number of factors are considered, including:

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

11 *Staton v. Boeing Co.*, 327 F.3d 938, 959–60 (9th Cir. 2003).

12 **1. THE PROPOSED SETTLEMENT AGREEMENT.**

13 Key provisions of the proposed settlement agreement are summarized below.

14 **Settlement Class:** The list of 217 participating class members covering the Tulare class
15 and Redlands class and eight excluded class members can be found at docket number 438-1.

16 **Settlement Payment:** Each participating class member will be “credited with one
17 Settlement Unit for each work week the Class Member worked as a Kmart Checkout Service
18 Associate during the period from April 11, 2010 to August 23, 2013.” On average, members of
19 the Redlands class will receive settlement shares that are 50% greater than the settlement shares
20 received by the Tulare class. No class member’s settlement share will be less than \$25 or more
21 than \$200.

22 The total settlement amount Kmart is obligated to pay in connection with the settlement
23 agreement is \$280,000. The California Labor and Workforce Development Agency (LWDA)
24 will receive 75% of the net settlement amount, meaning \$280,000 less costs and any
25 payments to individuals Lisa Garvey and Collette Delbridge. Plaintiffs move for \$1,000
26 payments to the individual plaintiff’s each and \$150,600 in costs.

27 **Release:** Participating class members release Kmart and related entities from “the claim
28 that Kmart should have provided them with suitable seats while working at Kmart, including all
such claims for civil penalties under PAGA, attorney’s fees and costs.”

The individual plaintiffs, however, provide a broader release. Lisa Garvey and Collette
Delbridge release Kmart and related entities from a number of claims, including “any and all

1 claims, known and unknown, including but not limited to claims arising from or unrelated to
2 their employment with Kmart, their compensation while a Kmart employee, and the termination
3 of their employment with Kmart, under federal, state, or local law, statute, ordinance, regulation,
4 common law, or other source of law” and “all other claims for civil or statutory penalties . . . all
5 claims for lost wages and benefits, emotional distress, punitive damages and attorney’s fees.”

6 ***Uncashed Checks:*** Participating class members must cash their settlement share checks
7 within 120 calendar days after the check was mailed. If the check is returned, Kmart will take
8 “all reasonable efforts to re-mail” the check to the class member. If the check is not cashed
9 within 90 days after the last mailing, Kmart will send a letter or postcard (1) informing the class
10 member that unless the check is cashed in the next 30 days, it will be expire and (2) offering to
11 replace the check if lost or misplaced but not cashed. Regardless of whether the check is cashed,
12 class members are bound by the settlement.

13 ***Pending Appeals:*** Plaintiff Lisa Garvey has a pending appeal of the December 2012
14 partial judgment (Dkt. No. 247). Kmart has a pending appeal of the March 2013 taxable costs
15 order (Dkt. No. 283). These appeals are currently held in abeyance pending approval of the
16 settlement. The proposed settlement agreement provides that the final judgment should set aside
17 the Rule 60(b) motion and costs order.

18 ***Jurisdiction:*** The parties request that jurisdiction be retained for “all matters relating to
19 the interpretation, administration, implementation, effectuation and enforcement of this order and
20 the Settlement.” The parties have not shown good cause to extend jurisdiction beyond one year.
21 The Court will retain jurisdiction for matters relating to interpretation, administration, and
22 enforcement of this order and the settlement for up to one year from the date of this order.

23 * * *

24 This order finds that the proposed settlement is fair, reasonable and adequate for three
25 reasons. *First*, the settlement occurs after the parties have vigorously developed the record for
26 more than two years. Since 2011, the parties have completed two motions for summary
27 judgment, two motions for class certification, and a six-day trial on the Tulare class claims. The
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1 parties have negotiated the proposed settlement on a developed record and are well-informed of
2 the merits, risks, and costs of this action.

3 *Second*, no objections to the proposed settlement were received. Notice of the settlement
4 was sent via first-class mail to class members. No class member objected and less than three
5 percent of the class — five class members — opted out. This suggests that the reaction of the
6 class members to the proposed settlement is favorable. Considering the risks, expense, and
7 complexity of litigating this action, the proposed settlement agreement is fair and reasonable.

8 *Third*, adequate procedural protections have been installed to protect absent class
9 members. Class members received notice of the proposed class settlement and had an
10 opportunity to object. No objections were received. Once an order approves the final
11 settlement, Kmart will pay the settlement amount. Settlement checks will be mailed to the
12 participating class members and they will have adequate time and opportunity to cash their
13 checks or request a new check if their check is misplaced. Class members are also sent a
14 reminder regarding the settlement check. These procedures afford class members adequate
15 protections to make an informed decision.

16 Accordingly, final approval of the settlement agreement is hereby **GRANTED**.

17 **2. PLAINTIFFS' MOTION FOR LITIGATION COSTS AND INCENTIVE AWARD.**

18 After their request for \$175,000 in costs was rejected, plaintiffs' counsel revised their
19 request to \$150,600 based on invoices showing that they spent at least \$225,541.97 in this
20 action. Given that this action has been pending since May 2011 and plaintiffs have survived a
21 bench trial, class certification, and other hurdles, this order finds that the unique circumstances in
22 this action warrant granting plaintiffs' counsel \$140,000 in costs.

23 Plaintiffs also request \$1,000 to plaintiffs Lisa Garvey and Collette Delbridge each.
24 Although plaintiffs justify the payment as an incentive payment — which is disfavored, there is
25 another reason to permit the payment. The scope of plaintiffs' release is broader than the scope
26 of the class release. Counsel have confirmed that the scope of the class release is limited to the
27 certified suitable seating claims whereas the scope of Lisa Garvey and Collette DelBridge's
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1 individual release extends to a number of other claims. Accordingly, the motion for \$1,000 to
2 Lisa Garvey and \$1,000 to Collette Delbridge is **GRANTED**.

3 **CONCLUSION**

4 Accordingly, it is hereby ordered as follows:

5 1. The notice of settlement, as well as the manner in which it was sent to class
6 members, fairly and adequately described the proposed class settlement, the manner in which
7 class members could object to or participate in the settlement, and the manner in which class
8 members could opt out of the class; was the best notice practicable under the circumstances; was
9 valid, due, and sufficient notice to class members; and complied fully with the Federal Rules of
10 Civil Procedure, due process, and all other applicable laws. A full and fair opportunity has been
11 afforded to class members to participate in the proceedings convened to determine whether the
12 proposed class settlement should be given final approval. Accordingly, this order determines
13 that the 217 class members identified in docket number 438-1 are bound by this order and
14 judgment. The eight individuals identified in docket number 438-1 are excluded and not bound
15 by this order and judgment.

16 2. The proposed class settlement is fair, reasonable, and adequate. Final approval of
17 the class settlement is hereby **GRANTED**. The settlement amount of \$280,000 is approved. The
18 California Labor and Workforce Development Agency shall receive \$103,500. Individual
19 plaintiffs Lisa Garvey and Collette Delbridge shall receive \$1,000 each for their release. A total
20 of \$34,500 shall go to the participating class members in accordance with the settlement
21 agreement. The sum \$140,000 shall be reserved for plaintiffs' costs to be paid once plaintiffs'
22 counsel have certified that the terms of the settlement have been carried out.


23 3. Plaintiff Lisa Garvey's motion under FRCP 60(b) (Dkt. No. 315) and the March
24 2013 taxable costs order (Dkt. No. 283) are hereby set aside in accordance with the class
25 settlement.

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4. Final judgment is hereby entered in accordance with the class settlement, the preliminary approval order, and this order.

IT IS SO ORDERED.

Dated: January 21, 2014.



WILLIAM ALSUP
UNITED STATES DISTRICT JUDGE