Daniel Feinberg (SBN No. 135983)
FEINBERG, JACKSON,
WORTHMAN, WASOW LLP
2030 Addison Street, Suite 500
Berkeley, CA 94704
Telephone: (510) 269-7998
Fax: (510) 269-7994

Michelle C. Yau (admitted *pro hac vice*)
Caroline E. Bressman (admitted *pro hac vice*)
COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Ave. NW ● Suite 800
Washington, DC 20005
Telephone: (202) 408-4600
Fax: (202) 408-4699

Counsel for Plaintiff

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

Linna Chea, on behalf of the Lite Star, Inc. Employee Stock Ownership Plan,

Plaintiff,

vs.

LITE STAR ESOP COMMITTEE, B-K LIGHTING, INC., NATHAN SLOAN, KATHLEEN A. HAGEN, KATHLEEN A. HAGEN, as legal successor to DOUGLAS W. HAGEN, ESTATE OF DOUGLAS W. HAGEN, MIGUEL PAREDES, and PRUDENT FIDUCIARY SERVICES, LLC, a California Limited Liability Company,

Defendants.

No: 1:23-CV-00647-SAB

PLAINTIFF'S MEMORANDUM OF LAW IN SUPPORT OF MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT

Date: January 21, 2026
Time: 10:00 a.m.
Courtroom: 9
Judge: Hon. Stanley A. Boone

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

Cases

Statutes

Other Authorities

I. INTRODUCTION

Plaintiff Linna Chea, on behalf of herself and all others similarly situated, respectfully moves this Court to grant final approval of the settlement reached in this case between Plaintiff and Defendants B-K Lighting, Inc. ("B-K" or the "Company"), Nathan Sloan, Kathleen A. Hagen, Kathleen A. Hagen, as legal successor to Douglas W. Hagen, Estate of Douglas W. Hagen, the Lite Star ESOP Committee (collectively, "Hagen Defendants"), and Miguel Paredes and Prudent Fiduciary Services, LLC (collectively, "PFS") (B-K, Hagen Defendants and PFS hereinafter collectively, "Defendants").

Pursuant to the Settlement, Defendants have collectively agreed to a Settlement Amount[1] comprised of a $1.5 million Cash Payment and a $1 million principal reduction on the debt the ESOP owes to the Company (and the Company's corresponding debt to the selling shareholder) from the 2017 ESOP transaction (less deductions for attorneys' fees, costs, settlement administration and a service award). In exchange, the Class will dismiss with prejudice its claims asserted in the Amended Complaint (ECF No. 59) ("AC") against Defendants. The Class will also release Defendants from any claims relating to or arising out of the allegations of the AC.

Given the uncertainty of establishing liability and the value of the settlement consideration, the Settlement represents a fair, reasonable, and adequate result for the Class. Among the relevant factors showing the Settlement is fair and reasonable are: (1) the Settlement is commensurate with the strength of Plaintiffs' claims, and the Settlement's $2.25 million value falls well within the range of reasonableness given the risk, expenses, and complexity of further litigation; (2) Class counsel conducted rigorous investigation and damages analysis, sufficient to enable Class Counsel to evaluate the claims and defenses in the action and to recommend this Settlement; and (3) no Class Member has objected to the Settlement. Furthermore, there is no evidence that collusion influenced parties' negotiation; and an Independent Fiduciary has reviewed and approved the Settlement on behalf of the Plan. The Court should therefore grant final approval.

[1] Unless otherwise indicated, capitalized terms have the same meaning as set forth in the Settlement Agreement, filed concurrently herewith as Ex. A to the Declaration of Daniel Feinberg.

II. BACKGROUND

A. Claims Alleged in the Complaint

On December 31, 2017, PFS and Paredes caused the Lite Star Employee Stock Ownership Plan (the "Plan" or "ESOP") to purchase 100% of the shares of B-K Lighting, Inc. from Douglas W. Hagen (the "ESOP Transaction"). The ESOP Transaction was financed primarily through a loan from Mr. Hagen to the ESOP, which the Company assumed in exchange for a corresponding promissory note from the ESOP to B-K Lighting ("Internal Note"). AC ¶ 38. Plaintiff Linna Chea alleges that the ESOP Transaction was for more than fair market value. *Id*. ¶¶ 23-39, 42. Chea, a former employee of the Company and a participant in the ESOP, sought to enforce her rights and those of other participants in the Plan under ERISA to recover the losses incurred by the Plan. *Id*. ¶ 11. The claims against Defendants are as follows:

- **Count I**: Engaging in a prohibited transaction with a party-in-interest, in violation of ERISA § 406(a)(1)(A) and (a)(1)(D), against PFS and the Estate of Douglas Hagen and Kathleen Hagen as legal successor the Estate of Douglas Hagen.
- **Count II**: Engaging in a prohibited transaction, in violation of ERISA § 406(b), against the Estate of Douglas Hagen and Kathleen Hagen as legal successor the Estate of Douglas Hagen.
- **Count III**: Breach of fiduciary duty against PFS Defendants.
- **Count IV**: Failure to monitor an appointed fiduciary, against the Hagen Defendants.
- **Count V**: Co-fiduciary liability pursuant to ERISA § 405(a)(1) and (a)(3), against Defendants Nathan Sloan, the Estate of Douglas Hagen, Kathleen Hagen, and Kathleen Hagen as legal successor to the Estate of Douglas Hagen.
- **Count VI**: For knowing participation in fiduciary breaches and prohibited transactions, under ERISA § 502(a)(3), against Defendants Nathan Sloan, the Estate of Douglas Hagen, Kathleen Hagen, and Kathleen Hagen as legal successor to the Estate of Douglas Hagen.
- **Count VII**: Violation of ERISA § 410(a) and a breach of fiduciary duty of loyalty, against all Defendants.

Defendants do not admit any wrongdoing of any kind regarding the ESOP Transaction, deny any wrongdoing or liability associated with Plaintiff's claims, and have vigorously defended themselves in this Lawsuit.

B. Terms of the Settlement

The full terms of the proposed Settlement are set forth in the Settlement Agreement ("Set. Agmt."). ECF No. 79. In short, the Settlement provides $2.25 million of estimated aggregate economic value to the ESOP and its participants (prior to deductions for attorneys' fees, costs, settlement administration and a service award). Set. Agmt. §§ I.A, VI.4, VII.1 First, the Defendants will cause their insurers to pay $1,500,000 (the Cash Payment) into a Qualified Settlement Fund and distributed to Class members under an approved Plan of Allocation. Set. Agmt. § VI.2; Declaration of Daniel Feinberg ("Feinberg Decl.") ¶ 10. Second, the principal amount owed on the Seller Note will be reduced by $1 million, with a corresponding reduction in the Internal Note. *Id*. at § VI.4. Without this concession, B-K would be obligated to pay this $1 million. *Id*. at I.R.

In exchange for the Settlement Amount from Defendants and satisfaction of the conditions required by the Settlement Agreement, Plaintiff, the Class, and the Plan will release any claims which were or could have been asserted in the Lawsuit that arise from the facts and claims alleged in the Amended Complaint. Set. Agmt § X. The Released Claims are set forth in full in the Settlement Agreement. *Id*.

The Plan of Allocation was filed with Plaintiff's Motion for Preliminary Settlement Approval at ECF No. 79-4. To clarify the Parties' intent regarding the operation of the Settlement Fund allocation, the Parties make the following clarification to the Plan of Allocation at ¶ 4:

4. Allocation of the Settlement Fund. Each Authorized Claimant shall be allocated a pro rata share of the Net Settlement Amount based upon the number of vested B-K Lighting, Inc. shares allocated to that Authorized Claimant's ESOP account *on or before* 12/31/2024, as a fraction of the total number of vested B-K Lighting, Inc. shares allocated to all Authorized Claimants' ESOP accounts as of 12/31/2024. Feinberg Decl. ¶ 11.

C. Procedural History

Plaintiff filed this lawsuit on April 27, 2023. ECF No. 1. Defendants moved to dismiss on July 6, 2023. ECF No. 23 (PFS Defendants), ECF No. 24 (Hagen Defendants), ECF No. 25 (B-K Lighting). On January 25, 2024, Magistrate Judge Boone issued Findings and Recommendations (F&R), recommending denying the Motions to Dismiss except as to one count of the complaint. ECF No. 44. The three Defendant groups objected to the F&R. ECF Nos. 47, 48, 49. District Judge Thurston largely adopted the F&R and granted the Motions to Dismiss only with respect to Count VII with leave to amend and denied the remainder of the Motions to Dismiss. ECF No. 56. Plaintiff filed the First Amended Complaint on October 24, 2024 (ECF No. 59), which all Defendants Answered in November 2024. ECF Nos. 60, 61, 62. Shortly thereafter, Defendants proposed that the parties engage in mediation. Feinberg Decl. ¶ 4.

In preparation for the mediation, Plaintiff requested and Defendants produce a targeted set of documents regarding the 2017 ESOP Transaction, including the Transaction binder, several years of financial statements and ESOP valuations, trustee minutes, board minutes, and other relevant documents. *Id*. at ¶¶ 5-6. Plaintiff's counsel also consulted with an expert on ESOP valuations. *Id*. at ¶ 7. The parties ultimately participated in a full day mediation on June 3, 2025, with mediator Maxine Aaronson, where they executed a written Confidential Settlement Term Sheet. *Id*. at ¶ 9. The Court granted preliminary approval to the settlement on October 16, 2025. ECF No. 84.

Consistent with the Court's orders, Class Counsel and the Settlement Administrator timely sent notice of the Settlement to the Class. *See* Declaration of Analytics, LLC In Support of Plaintiff's Motion for Final Approval ("Analytics Decl."). Class Counsel filed a motion for attorneys' fees and litigation expenses on December 3, 2025, which also included a request for a service award. ECF No. 86. As of submission, no Class Members filed an objection with the Settlement Administrator. Analytics Decl. ¶ 15.

D. Settlement Notice and Independent Fiduciary Review

(1) Notice and Settlement Administration

The Court-approved Class Notice was distributed to the Class by the Settlement Administrator, Analytics Consulting, LLC ("Analytics"), on November 6, 2025. Analytics Decl.

¶ 8. For any Notices returned with a forwarding address, Analytics processed a re-mail of the Notice to the updated address. *Id.* ¶ 9. For any Noticed returned as undeliverable, Analytics used a skip trace to ascertain the Class Member's current mailing address, and where possible, Analytics re-mailed the Notice to the current mailing address. *Id.* ¶ 10. To date, the Class Notice reached 204 of the 205 Class Members. *Id.* ¶ 11. Thus, the Class Notice was successfully transmitted to over 99% of Class Members, *id.*, which is above the targeted 70% to 95% "reach" for class notices. *See* Federal Judicial Center, Judges' Class Action Notice and Claims Process Checklist and Plain Language Guide (Jan. 1, 2010), https://www.fjc.gov/sites/default/files/2012/NotCheck.pdf.

The Class Notice, attached to the Analytics Declaration as Exhibit A, is clear and straightforward, providing Class Members with key information about Class Members' rights and how to object to the Settlement or the requested attorneys' fees and expense reimbursement, settlement administration expenses, or service awards; the deadline to object to the same; the date of the Fairness Hearing; and the terms of the Settlement Agreement. On November 6, 2025, the Settlement Administrator published the settlement website: www.LiteStarESOPSettlement.com. Analytics Decl. ¶ 12. The website explains the Settlement, important dates, and links to key documents, including the Class Notice and all Court filings related to the Settlement. *Id.* Analytics has documented a total of 91 unique visitors to the website as of January 6, 2026. *Id.* The Class Notice also provided Class Members with a toll-free number, staffed by live agents, if Class Members have additional questions. *Id.* ¶ 13. As of January 6, 2026, the call center received 19 calls and one email related to the Settlement, and Class Counsel has received no inquiry concerning the settlement. Analytics Decl. ¶¶ 13-14; Feinberg Decl. ¶ 13. To date, no Class Member has objected to, or articulated any concerns to, Class Counsel with any aspect of the Settlement. Feinberg Decl. ¶ 14.

(2) Independent Fiduciary Report

The Settlement is subject to a written determination by an Independent Fiduciary. Settlement Agreement § XI. The Independent Fiduciary's review is set forth in a Department of Labor regulation, Prohibited Transaction Exemption 2003-39 (the "PTE 2003-39"), which applies

to "Class Exemption for the Release of Claims and Extensions of Credit in Connection with Litigation." 68 Fed. Reg. 75,632 (Dec. 31, 2003), *as amended*, 75 Fed. Reg. 33, 830 (June 15, 2010). To meet the requirements of this Department of Labor regulation and to satisfy § XI of the Settlement Agreement, the Independent Fiduciary must review and consider whether to approve the Settlement, including (i) the scope of the release of claims, (ii) the Settlement recovery and the amount of any attorneys' fee award or any other sums to be paid from such recovery, (iii) the Plan of Allocation, (iv) whether the Settlement terms are reasonable, and (v) whether the Settlement complied with all relevant requirements set forth in PTE 2003-39. *Id.* at 33,836-837.

The parties engaged Fiduciary Counselors, Inc. ("FCI") to review the Settlement Agreement and provide a report. FCI has served as an independent fiduciary under ERISA for over 50 class action litigation settlements and has provided independent advice to a variety of stakeholders. *See* Fiduciary Counselors, Inc., Litigation Settlements Brochure, https://www.fiduciarycounselors.com/assets/FCI-Litigation-Settlements-Brochure.pdf (last accessed January 5, 2026).

FCI issued its written report on January 2, 2026, attached as Exhibit 1 to the Feinberg Declaration. In so issuing, FCI reviewed the relevant materials, interviewed counsel for all parties, and determined that the Settlement Agreement met the requirements of PTE 2003-39. Thus, FCI approved and authorized the Settlement on behalf of the ESOP. Feinberg Decl., Ex. A at 1.

III. ARGUMENT

The public interest favors settlement, particularly in class actions where substantial resources can be conserved by avoiding the time, cost, and rigors of formal litigation. *Van Bronkhorst v. Safeco Corp.*, 529 F.2d 943, 950 (9th Cir. 1976). Final approval of a proposed class action settlement will be granted where it is established that the proposed settlement is "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(2). In determining whether to grant final approval, the Court does not "reach any ultimate conclusions on the contested issues of fact and law which underlie the merits of the dispute, for it is the very uncertainty of outcome in litigation and avoidance of wasteful and expensive litigation that induce consensual settlements." *Class*

Plaintiffs v. City of Seattle, 955 F.2d 1268, 1291 (9th Cir. 1992) (quoting *Officers for Justice v. Civil Serv. Comm'n*, 688 F.2d 615, 625 (9th Cir. 1982).

> In this Circuit, a district court examining whether a proposed settlement comports with Rule 23(e)(2) is guided by the eight "*Churchill* factors," viz., "(1) the strength of the plaintiff's case; (2) the risk, expense, complexity, and likely duration of further litigation; (3) the risk of maintaining class action status throughout the trial; (4) the amount offered in settlement; (5) the extent of discovery completed and the stage of the proceedings; (6) the experience and views of counsel; (7) the presence of a governmental participant; and (8) the reaction of the class members of the proposed settlement."

Kim v. Allison, 8 F.4th 1170, 1178 (9th Cir. 2021) (quoting *In re Bluetooth Headset Products Liability Litigation*, 654 F.3d 935, 946 (9th Cir. 2011)).[2] The relative importance of any particular factor will depend upon the nature of the claims, the types of relief sought, and the unique facts and circumstances presented by the individual case. *Class Plaintiffs*, 955 F.2d at 1291.

In addition, even where a class has been certified courts must scrutinize settlements to ensure they are "not the product of collusion among the negotiating parties." *Bluetooth*, 654 F.3d at 947 (citation omitted); *Briseño v. Henderson*, 998 F.3d 1014, 1023 (9th Cir. 2021) (explaining that *Bluetooth's* "heightened inquiry applies to *post-class certification* settlements"). The *Bluetooth* court identified the following factors as signs of collusion: (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 providing for the payment of attorneys' fees separate and apart from class funds," 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.

As explained below, the relevant factors support granting final approval to this Settlement.

A. The Settlement provides adequate notice to all Class Members.

Adequate notice of the class action settlement must be provided under Federal Rule of Civil Procedure Rule 23(e). *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1025 (9th Cir. 1998). "Notice is satisfactory if it 'generally describes the terms of the settlement in sufficient detail to

[2] As no governmental participant is involved, factor (7) is not discussed below.

alert those with adverse viewpoints to investigate and to come forward and be heard.'" *Churchill Vill., L.L.C. v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir. 2004) (quoting *Mendoza v. Tucson Sch. Dist. No. 1*, 623 F.2d 1338, 1352 (9th Cir. 1980)). The Court need not ensure all members receive actual notice, only that "best practicable notice" is given. *Silber v. Mabon*, 18 F.3d 1449, 1453-54 (9th Cir. 1994).

The Court previously reviewed the notice provided in this case, and found it to be satisfactory, apart from two corrections concerning the courthouse address included on the Agreement and value of the Settlement for class members included in the notice. ECF No. 84 at 18. The Court approved the form and requirements of the Class Notice on October 16, 2025, finding that sending the Class Notice to all Class members by U.S. Mail and posting on a website maintained by the Settlement Administrator is the "best notice practicable under the circumstances." ECF No. 84 at 18. Class Counsel subsequently made the requested corrections to the Class Notice. Feinberg Decl. ¶ 12.

Following the Court's preliminary approval, the appointed Settlement Administrator, Analytics Consulting, LLC ("Analytics"), received the names and addresses of Settlement Class Members from Counsel and mailed the Court-approved Notice on November 6, 2025. Analytics Decl. ¶¶ 6, 8. In total, only one of the 205 Notices was ultimately undeliverable, despite Analytics' best efforts to track down updated contact information. *Id*. at ¶ 11. Nevertheless, the Settlement Administrator reports an over 99% delivery success rate. *Id*. No Class Members objected to the Settlement. *Id*. at ¶ 15.

Given all but one Class Members received actual notice of the settlement and no Class Member objected to the Settlement, the Court should find adequate notice has been provided, satisfying Rule 23(e).

B. The Settlement should be considered fair, adequate, and reasonable.

The seven *Churchill* factors are non-exclusive, and each need not be discussed if they are irrelevant to a particular case. *Churchill*, 361 F.3d at 576 n.7. Instead, "It is the settlement taken as a whole, rather than the individual component parts, that must be examined for overall

fairness." *Hanlon*, 150 F.3d at 1026. Together, these factors show that the Settlement here is fair, adequate, and reasonable, and should therefore be approved by the Court.

(1) The strength of plaintiff's case, in light of the risk, expense, complexity, and likely duration of further litigation favors final approval.

Judicial policy strongly favors settlements, "particularly where complex class action litigation is concerned." *In re Syncor ERISA Litig.*, 516 F.3d 1095, 1101 (9th Cir. 2008). "In most situations, unless the settlement is clearly inadequate, its acceptance and approval are preferable to lengthy and expensive litigation with uncertain results." *Knapp v. Art.com, Inc.*, 283 F. Supp. 3d 823, 832 (N.D. Cal. 2017) (citation omitted); *see also Johnson v. Shaffer*, No. 2:12-cv-1059-KJM-AC, 2016 WL 3027744, at *4 (E.D. Cal. May 27, 2016) (citation omitted) ("[A]pproval of settlement is preferable to lengthy and expensive litigation with uncertain results.").

ERISA is an "enormously complex" statute, and many ERISA matters also involve facts that are "exceedingly complicated." *Conkright v. Frommert*, 559 U.S. 506, 509 (2010). "ERISA actions are notoriously complex cases, and ESOP cases are often cited as the most complex of ERISA cases." *Pfeifer v. Wawa, Inc*., No. 16-CV-00497, 2018 WL 4203880, at *7 (E.D. Pa. Aug. 31, 2018). The Court affirmed this exact sentiment at preliminary approval. *See* ECF No. 79 at 13 (quoting *Foster v. Adams & Assocs., Inc.*, 2021 WL 4924849, at *6 (N.D. Cal. Oct. 21, 2021)). While Plaintiff believes she has a strong case and would ultimately prevail, Plaintiff recognizes the expense, risk, and length of continued proceedings necessary to prosecute the litigation against Defendants through trial and appeal.

Several defense verdicts entered by courts after trial in a complex ERISA fiduciary breach actions illustrate the substantial risk of losing at trial. *E.g.*, *Walsh v. Bowers*, 561 F.Supp.3d 973 (D. Haw. 2021) (entering defense verdict in ESOP case after one week trial); *Rush v. GreatBanc Tr. Co.*, 2025 WL 975214 (N.D. Ill. Mar. 31, 2025) (entering defense verdict in ESOP case after 14-day trial). Even when plaintiffs successfully prove at trial that defendants breached their fiduciary duties, courts have sometimes concluded that those breaches resulted in no harm or loss to the Plan or the participants. *DeFazio v. Hollister, Inc*., 854 F.Supp.2d 770, 816 (E.D. Cal. 2012) (finding after trial that "the fiduciaries' breaches of their duties did not cause a material

harm to the Plan and plaintiffs [were] not entitled to damages"), *aff'd sub nom. DeFazio v. Hollister Employee Share Ownership Tr.*, 612 Fed. Appx. 439 (9th Cir. 2015). While Class Counsel have successfully tried ERISA cases and do not shy away from trial, they fully appreciate the risks involved.

For these reasons, the risks of litigation weigh in favor of granting final approval of partes' settlement.

(2) The risk of maintaining class action status throughout the trial is neutral.

"[W]here there appear no specific risks to maintaining class action litigation, the Court need not consider this factor for settlement purposes." *Hurtado v. Rainbow Disposal Co.*, 2021 WL 79350, at *4 (C.D. Cal. Jan. 4, 2021). But even where there are no specific risks in prospect, "[a] district court may decertify a class at any time." *Rodriguez v. W. Publ'g Corp.*, 563 F.3d 948, 966 (9th Cir. 2009). The Settlement Class has been certified. ECF No. 84 at 10. While Defendants could move to decertify the Class, there is no reason to presume that such a motion would be meritorious. Thus, this factor is neutral.

(3) The amount offered in settlement is fair.

When analyzing the fourth *Churchill* factor, the court "compare[s] the terms of the compromise with the likely rewards of litigation." *Martinez v. Knight Transportation, Inc.*, No. 1:16-CV-01730-SKO, 2023 WL 5917989 at *6 (E.D. Cal. Sept. 11, 2023) (citing *Protective Comm. For Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424-25 (1968)). "To determine whether a settlement falls within the range of possible approval a court must focus on substantive fairness and adequacy, and consider plaintiffs expected recovery balanced against the value of the settlement offer." *Arredondo v. Sw. & Pac. Specialty Fin., Inc.*, No. 118CV01737DADSKO, 2022 WL 2052681 (E.D. Cal. June 7, 2022) (quoting *In re Tableware Antitrust Litig.*, 484 F. Supp. 2d 1078, 1080 (N.D. Cal. 2007).

As explained on preliminary approval, Class Counsel estimates the maximum potential combined recovery for the Class against Defendants was approximately $3 million to $5 million. ECF No. 84 at 13. The total recovery for the Class under the Settlement amounts to $2.25 million

of aggregate economic value to the ESOP and its participants. *Id*. The Defendants will pay $1.5 million to the Class and reduce the ESOP's debt by $1 million. The total economic value of the Settlement is about $2.25 million, which is approximately $11,000 per Class Member before the deduction of cost and fees. Feinberg Decl. ¶¶ 10-11. As a result of the Settlement, the Class will recovery approximately 45% of the estimated maximum damages. ECF No. 84 at 13. The Court previously held that this amount fell within the range of approval based on the risks of continued litigation. *Id*. at 14.

In comparison, the total relief provided by the Settlement exceeds amounts approved in other complex ERISA class action litigation in this Circuit. *See, e.g.*, *Gamino v. KPC Healthcare Holdings, Inc.*, 2023 WL 3325190, at *4 (C.D. Cal. Mar. 11, 2023) (finding ESOP class settlement that recovered approximately 7% of the estimated total damages "fair and adequate"); *Foster v. Adams & Assocs., Inc.*, 2022 WL 425559, at *5 (N.D. Cal. Feb. 11, 2022) (approving ESOP class settlement that recovered 28.5% of estimated total loss); *Urakhchin v. Allianz Asset Mgmt. of Am., L.P.*, 2018 WL 3000490, at *4 (C.D. Cal. Feb. 6, 2018)) (approving ERISA class action settlement representing between 25.5% and 78.9% of losses).

Particularly considering the risks of further litigation, this factor thus weighs in favor of approving the Settlement.

(4) The extent of discovery completed and the stage of proceedings favors final approval.

This factor considers whether "the parties have sufficient information to make an informed decision about settlement." *Linney v. Cuellar Alaska P'ship,* 151 F.3d 1234, 1239 (9th Cir. 1998). The Court presumes a settlement is fair when parties engage in "sufficient discovery and genuine arms-length negotiation." *Adoma v. Univ. of Phoenix, Inc*., 913 F. Supp. 2d 964, 977 (E.D. Cal. 2012). Even informal discovery is sufficient for approval of a class action settlement, "as long as discovery allowed parties to form a clear view of the strengths and weaknesses of their cases." *Monterrubio v. Best Buy Stores, L.P.*, 291 F.R.D. 443, 454 (E.D. Cal. 2013).

This Settlement resulted from vigorous, non-collusive bargaining facilitated by a seasoned mediator and conducted by skilled counsel. Specifically, the parties engaged in settlement

negotiation only after Plaintiff's Counsel sought and obtained thousands of pages of documents from Defendants and consulted with an ESOP valuation expert. Feinberg Decl. ¶ 6. This informal discovery allowed Plaintiff's counsel to assess the relative merits of Plaintiff's claims and Defendants' asserted defenses and weigh the risks of continued litigation against the potential recovery to the Class. *Id*. ¶ 8. The actual terms of the Settlement were agreed upon after hard-fought negotiations over the course of an all-day, in-person mediation aided by Maxine Aaronson, a mediator experienced in ERISA class action disputes, on June 3, 2025, in Dallas, Texas. *Id*. ¶ 9. Only at the end of the day did Plaintiff and Defendants agree to settle for the Settlement Amount and execute a Term Sheet. *Id*. Class Counsel therefore had full understanding of the facts, the claims, the likely defenses sufficient to analyze the likelihood of success or loss.

The fact that experienced counsel has been actively engaged in the litigation for over two years and has conducted the necessary informal discovery indicates the non-collusive nature of the settlement. *Id*. ¶ 3. The assistance of a neutral, experienced mediator in the settlement negotiations further evidences the non-collusive nature of the negotiations. This factor thus favors final approval of the Settlement.

(5) The experience and views of counsel favor final approval.

The Ninth Circuit recognizes that "parties represented by competent counsel are better positioned than courts to produce a settlement that fairly reflects each part's expected outcome in the litigation." *Carlin v. DairyAmerica, Inc.*, 380 F. Supp. 3d 998, 1013 (E.D. Cal. 2019) (citation omitted). Thus, Courts grant "great weight . . . to the recommendation of counsel . . . who are most closely acquainted with the facts of the underlying litigation." *Vasquez v. Coast Valley Roofing*, 266 F.R.D. 482, 490 (E.D. Cal. 2010).

Here, the "recommendations of counsel are entitled to significant weight and support approval of the settlement." *Torchia v. W.W. Grainger, Inc.*, 304 F.R.D. 256, 270 (E.D. Cal. 2014). Counsel are "experienced class actions lawyers who specialize in employee benefit cases." *Foster v. Adams and Assocs., Inc*., 2019 WL 4305538, at *6 (N.D. Cal. Sept. 11, 2019); ECF No. 79 at 8-9. Based on their experience, Class Counsel are highly qualified to assess the risks of continued litigation and weigh them against the merits of the Settlement. *See id.* Taking into

consideration the record developed during this litigation and the results achieved in similar cases, Class Counsel believe the Settlement is fair, reasonable, and adequate. Feinberg Decl. ¶ 16. This factor therefore supports approval of the Settlement.

(6) The reactions of the class support final approval.

"'The reactions of the members of a class to a proposed settlement is a proper consideration for the trial court.'" *Vasquez v. Coast Valley Roofing, Inc.*, 266 F.R.D. 482, 490 (E.D. Cal. 2010) (quoting *National Rural Telecommunications Cooperative v. DIRECTV, Inc.*, 221 F.R.D. 523, 528 (C.D. Cal. 2004)). "The absence of a large number of objections to a class settlement raises a strong presumption that the terms of a proposed class settlement action are favorable to the class members." *Carlin*, 380 F. Supp. 3d at 1013. A court may infer that a class action settlement is fair, adequate, and reasonable "where the settlement agreement enjoys overwhelming support from the class." *Barbosa v. Cargill Meat Sols. Corp.*, 297 F.R.D. 431, 448 (E.D. Cal. 2013).

Here, "the reaction of the class members [to] the settlement is positive[.]" *Barbosa*, 297 F.R.D. at 448. Pursuant to the Court's Preliminary Approval Order, the Settlement Administrator provided the Class Notice by U.S. mail on November 6, 2025 to all Class Members identified through data provided by Defendants. Analytics Decl. ¶¶ 7-8. The Settlement Administrator received seven Class Notices returned as undeliverable but was able to locate an updated address and re-mail the Class Notice to six of those Class Members. *Id.* at ¶ 10. A settlement website was also created for class members to be able to obtain additional information about the settlement. *Id.* at ¶ 12. The website includes a copy of a non-personalized Class Notice, a clear summary of essential case information, and copies of various Court documents. *Id*. As the Class Notice states, the deadline to object to the Settlement was January 5, 2026. At the time of filing, no Class Members objected to the Settlement. *Id*. ¶ 15. The absence of objections demonstrates support for the Settlement Agreement. *Ontiveros v. Zamora*, 303 F.R.D. 356, 371 (E.D. Cal. 2014), *Barbosa,* 297 F.R.D. at 297 (the fact that no class member objected to the settlement supports approval of the settlement).

In conclusion, the relevant *Churchill* factors demonstrate the Settlement is fair, adequate, and reasonable.

C. The Settlement satisfies the *Bluetooth* factors, supporting final approval.

Consideration of the *Churchill* factors alone is not sufficient to survive appellate review, as revised Rule 23(e) requires district courts to apply the *Bluetooth* factors to determine whether collusion may have impacted class members' settlement outcomes. *Briseño*, 998 F.3d at 1026. Here, consideration of the *Bluetooth* factors clearly weighs in favor of approval of the Settlement as there is no evidence of collusion between the negotiating parties.

(1) Class Counsel is seeking a proportionate distribution of the settlement.

Class Counsel seeks $500,000, representing 22% of the common fund, as attorney's fees. Plaintiff's Memorandum in Support of Attorney's Fees, ECF No. 86 at 3. This figure is substantially less than Class Counsel's lodestar fees ($773,999.00 as of November 1, 2025), does not constitute a "disproportionate distribution of the settlement," *Bluetooth*, 654 F.3d at 947, and fairly compensates Class Counsel for the excellent result they obtained for the Class and the risks they took in pursuing this case. Indeed, the vast majority of the Settlement will be distributed to the Class. *Compare Briseño*, 998 F.3d at 1026 (finding a "gross disparity in distribution of funds" where class counsel received $7 million and the class received less than $1 million). As set forth in detail in Plaintiffs' Motion for Attorneys' Fees, attorneys are regularly awarded commensurate fees in similar cases. ECF No. 86 at 7-9. Moreover, unlike the settlement in *Bluetooth*, which provided no money to the class, Class Members will receive significant monetary benefits from the Settlement. Thus, this factor indicates no evidence of collusion between the parties.

(2) The Settlement does not include a "clear sailing" provision.

"[T]he very existence of a clear sailing provision increases the likelihood that class counsel will have bargained away something of value to the class." *Bluetooth,* 654 F.3d at 948, (quoting *Weinberger v. Great N. Nekoosa Corp.*, 925 F.2d 518, 525 (1st Cir. 1991)). A "clear sailing" provision exists when a defendant expressly agrees not to oppose an award of attorney's fees up to an agreed upon amount. *See Bluetooth*, 654 F.3d at 947 (rejecting a settlement agreement in part because it included a clear sailing agreement in which defendants agreed not to

object to an award of attorneys' fees). The Settlement Agreement simply does not include a clear sailing provision. Thus, this factor does not signal collusion.

(3) The Settlement does not revert fees to the defendant.

"A kicker arrangement reverting unpaid attorneys' fees to the defendant rather than to the class amplifies the danger of collusion already suggested by a clear sailing provision." *Bluetooth*, 654 F.3d at 949. Just as the Settlement Agreement does not include a clear sailing provision, it does not provide for unpaid fees to revert to the defendant. Set. Agmt. § VII.9. Instead, unclaimed net cash settlement proceeds will be redistributed amongst members of the Settlement Class. *Id.* at § VII.5-6. Any remaining residual funds after the second distribution are to be distributed to a *cy pres* recipient approved by the Court. *Id.* at VII.6. Consequently, the Settlement Agreement does not pose a risk of collusion.

In sum, the Settlement Agreement represents a proportionate fee arrangement for Class Counsel, free of provisions which could have indicated "class counsel have allowed pursuit of their own self-interests . . . to infect negotiations." *Bluetooth*, 654 F.3d at 947.

IV. CONCLUSION

For the forgoing reasons, Plaintiff respectfully requests that the Court grant Class Counsel's Motion for Final Approval of the Proposed Settlement.

DATED: January 9, 2026

Respectfully Submitted,

By: */s/ Daniel Feinberg*

Daniel Feinberg (SBN No. 135983)
FEINBERG, JACKSON, WORTHMAN & WASOW, LLP
2030 Addison Street, Suite 500
Berkeley, CA 94704
Tel. (510) 269-7998
Fax (510) 269-7994
dan@feinbergjackson.com

Michelle C. Yau (admitted *pro hac vice*)

Caroline E. Bressman (admitted *pro hac vice*)
COHEN MILSTEIN SELLERS & TOLL PLLC
1100 New York Ave. NW, Suite 800
Washington, DC 20005
Tel. (202) 408-4600
Fax (202) 408-4699
myau@cohenmilstein.com
cbressman@cohenmilstein.com

Counsel for Plaintiff and the Settlement Class