

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
CALIFORNIA

Heather Turry, et al. v. Vervent, Inc., et al.

Turry v. Vervent, Inc., Case No. 20-cv-697-DMS-AHG (S.D. Cal. Feb. 26, 2025) · No. 20-cv-697-DMS-AHG ·
Decided February 26, 2025

SUMMARY

The document is an order from the United States District Court for the Southern District of California addressing Plaintiffs’ motion for attorneys’ fees, costs of suit, and class-representative service awards after a successful class-action RICO trial against Vervent and related defendants. The court awarded \$4,086,277.04 in attorneys’ fees, \$465,149.76 in costs, and \$85,000 in service awards. Although Plaintiffs prevailed on only the RICO claim, the court found the other claims sufficiently related to the common loan-scheme facts and applied limited reductions to the lodestar.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	Dana M. Sabraw
JURISDICTION	United States District Court for the Southern District of California
DECIDED	February 26, 2025
DOCKET	20-cv-697-DMS-AHG
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs, having prevailed on a class-action RICO claim at trial, moved under 18 U.S.C. § 1964(c) for attorneys’ fees and costs of suit and requested service awards for the class representatives. Defendants opposed the requested amounts.
STANDARD OF REVIEW	The court exercised its discretion in determining reasonable attorneys’ fees, costs, and service awards, applying the lodestar methodology and evaluating the reasonableness of hours, rates, and any adjustment to the lodestar.
PRECEDENTIAL VALUE	Unknown; district court order with no reporter citation or precedential designation in the source.
PARTIES	Heather Turry, Jody Aliff, Marie Smith, Fiaty, Hernandez, Sazon, Plaintiffs and class representatives v. Vervent, Inc., Activate Financial,

TOPICS

attorney fees costs class actions civil procedure commercial litigation

PRACTICE AREAS

civil procedure class actions attorney fees costs commercial litigation

QUESTIONS PRESENTED

1. What amount of attorneys' fees should be awarded under RICO's fee-shifting provision?
2. Whether the lodestar should include time spent on related unsuccessful claims, staffing, the arbitration appeal, discovery disputes, and work supported by declarations rather than contemporaneous time records.
3. Whether the lodestar should be adjusted to account for plaintiffs' degree of success and counsel's asserted risk of nonpayment.
4. What litigation costs are recoverable as the cost of suit under RICO.
5. Whether and in what amounts class representatives should receive service awards.

HOLDINGS

1. Because plaintiffs prevailed on their RICO claim, they were entitled to an award of reasonable attorneys' fees and costs of suit under 18 U.S.C. § 1964(c).
2. The lodestar method was appropriate, requiring multiplication of the reasonable hours expended by a reasonable hourly rate, followed by any appropriate adjustment.
3. The court would not exclude time spent on unsuccessful claims or on the appeal, discovery disputes, and reasonable staffing where those activities were related to the successful RICO claim and were supported by sufficient documentation.
4. Plaintiffs were awarded \$4,086,277.04 in attorneys' fees.
5. Plaintiffs were entitled to \$465,149.76 in costs of suit because the requested expenses were supported, typical litigation expenses and related to the successful RICO prosecution.
6. Class representatives may receive reasonable service awards, and the requested awards were justified by their work, risks, and benefits conferred on the class.

KEY QUOTATIONS

"Under the lodestar method, the district court 'multiplies the number of hours the prevailing party reasonably spent on litigation by a reasonable hourly rate to determine a presumptively reasonable fee award.'" (at 3)

"A plaintiff is not eligible to receive attorney's fees for time spent on unsuccessful claims that are unrelated to a plaintiff's successful [RICO] claim." (at 5)

“The Court therefore applies a 5% reduction to Plaintiffs’ total requested hours.” (at 8)

“A “test of strict proportionality” is inappropriate under the circumstances.” (at 10)

“Accordingly, the Court finds that Plaintiffs are entitled to costs in the sum of \$465,149.76.” (at 11)

FACTUAL BACKGROUND

Plaintiffs alleged that defendants participated in a fraudulent PEAKS loan scheme and asserted several statutory and common-law claims, including RICO. The litigation involved extensive discovery, motion practice, class-certification proceedings, an appeal concerning arbitration, and a seven-day class-action jury trial. The jury found for plaintiffs on the RICO claim, awarded \$4 million in damages, and the court trebled the award to \$12 million. Plaintiffs’ counsel sought compensation for work related to the successful RICO claim and related unsuccessful claims, along with litigation costs and service awards for class representatives.

PROCEDURAL HISTORY

Plaintiffs filed a putative class action asserting RICO, FDCPA, RFDCPA, UCL, and negligent-misrepresentation claims. The court denied defendants’ motion to compel arbitration, denied summary judgment motions, granted class certification in part, and denied motions to modify the scheduling order and decertify the class. After a seven-day jury trial, the jury found for plaintiffs on the remaining RICO class claim and awarded \$4 million in damages, which was trebled to \$12 million. The court later dismissed the remaining UCL claim on jurisdictional grounds and denied plaintiffs’ Rule 59(e) motion. The present order resolves plaintiffs’ fee, cost, and service-award motion.

DISPOSITION

other

CASES CITED

- Valadez v. Aguillo, No. C-08-03100, 2009 WL 10680866, at *4 (N.D. Cal. Dec. 10, 2009), aff’d, 433 Fed. App’x 536 (9th Cir. 2011)
- Gisbrecht v. Barnhart, 535 U.S. 789, 801 (2002)
- Burlington v. Dague, 505 U.S. 557, 562 (1992)
- In re Apple Inc. Device Performance Litig., 50 F.4th 769, 784 (9th Cir. 2022)
- Kim v. Allison, 8 F.4th 1170, 1180-81 (9th Cir. 2021)
- Gonzalez v. City of Maywood, 729 F.3d 1196, 1205, 1210 (9th Cir. 2013)
- Dang v. Cross, 422 F.3d 800, 813 (9th Cir. 2005)
- Prison Legal News v. Schwarzenegger, 608 F.3d 446, 454 (9th Cir. 2010)
- In re Washington Pub. Power Supply Sys. Sec. Litig., 19 F.3d 1291, 1305 (9th Cir. 1994)
- In re Outlaw Lab’ys, LP Litig., 2023 WL 6522383, at *3, *8-*9 (S.D. Cal. Oct. 5, 2023)
- CliniComp Int’l, Inc. v. Cerner Corp., No. 17-cv-02479, 2023 WL 2604816, at *3 (S.D. Cal. Mar. 22, 2023)
- Lopez v. Mgmt. & Training Corp., No. 17-cv-1624, 2020 WL 1911571, at *8-*9 (S.D. Cal. Apr. 20, 2020)

- Durruthy v. Charter Commc'ns, LLC, No. 20-CV-01374-W-MSB, 2021 WL 6883423, at *6 (S.D. Cal. Sept. 30, 2021)
- In re Maxwell Techs., Inc., Derivative Litig., No. 13CV966 BEN (RBB), 2015 WL 12791166, at *5 (S.D. Cal. July 13, 2015)
- Stross v. Z Lifestyle LLC, No. 20-CV-177-DMS-AGS, 2020 WL 13556135, at *8 (S.D. Cal. Nov. 5, 2020)
- Grace Church of N. Cnty. v. City of San Diego, No. 07CV0419 H(RBB), 2008 WL 11508664, at *9 (S.D. Cal. Sept. 9, 2008)
- McCown v. City of Fontana, 565 F.3d 1097, 1102-04 (9th Cir. 2009)
- Hensley v. Eckerhart, 461 U.S. 424, 435-36 (1983)
- McGrath v. Cnty. of Nevada, 67 F.3d 248, 255 (9th Cir. 1995)
- Kim v. Fujikawa, 871 F.2d 1427, 1435 n.9 (9th Cir. 1989)
- Herring Networks, Inc. v. Maddow, 2021 WL 409724, at *9 (S.D. Cal. Feb. 5, 2021)
- Noyes v. Grossmont Union High Sch. Dist., 331 F. Supp. 2d 1233, 1250 (S.D. Cal. 2004), rev'd on other grounds, Evan v. Grossmont Union High Sch. Dist., 197 Fed. App'x 648 (9th Cir. 2006)
- Moreno v. City of Sacramento, 534 F.3d 1106, 1112, 1114 (9th Cir. 2008)
- Int'l Bus. Machines Corp. v. Brown, No. 94-56001, 1998 WL 10751, at *4 (9th Cir. Jan. 9, 1998)
- Int'l Floor Crafts v. Dziemit, 420 Fed. App'x 6, 18-19 (1st Cir. Apr. 21, 2011)
- Bullock v. Abbott and Ross Credit Servs., L.L.C., 2009 WL 4598330, at *5 & n.10 (W.D. Tex. Dec. 3, 2009)
- Wheeler v. Coss, 2010 WL 2628667, at *6 (D. Nev. June 28, 2010)
- Shames v. Hertz Corp., 2012 WL 5392159, at *19 (S.D. Cal. Nov. 5, 2012)
- Hawkins v. Kroger Co., 2022 WL 345639, at *10 (S.D. Cal. Feb. 4, 2022)
- Planned Parenthood Fed'n of Am., Inc. v. Ctr. For Med. Progress, 2020 WL 7626410, at *6-*7 (N.D. Cal. Dec. 22, 2020)
- Yamada v. Nobel Biocare Holding AG, 825 F.3d 536, 546 (9th Cir. 2016)
- In re Bluetooth Headset Prods. Liab. Litig., 654 F.3d 935, 941-42 (9th Cir. 2011)
- Morales v. City of San Rafael, 96 F.3d 359, 365 (9th Cir. 1996)
- Farrar v. Hobby, 506 U.S. 103, 114 (1992)
- Lo v. Oxnard European Motors, LLC, 2012 WL 1932283, at *3 (S.D. Cal. May 29, 2012)
- Keegan v. Am. Honda Motor Co., Inc., 2014 WL 12551213, at *27 (C.D. Cal. Jan. 21, 2014)
- Tanedo v. E. Baton Rouge Par. Sch. Bd., 2013 WL 12173894, at *17 (C.D. Cal. Sept. 6, 2013)
- Stanger v. China Elec. Motor, Inc., 812 F.3d 731, 741 (9th Cir. 2016)
- Fischel v. Equitable Life Assurance Soc'y of U.S., 307 F.3d 997, 1008 (9th Cir. 2002)
- Staton v. Boeing Co., 327 F.3d 938, 977 (9th Cir. 2003)
- Cook v. Niedert, 142 F.3d 1004, 1016 (7th Cir. 1998)
- Rodriguez v. W. Publ'g Corp., 563 F.3d 948, 958-59 (9th Cir. 2009)
- Pelletz v. Weyerhaeuser Co., 592 F. Supp. 2d 1322, 1329-30 & n.9 (W.D. Wash. 2009)

OPINION

Aliff v. Vervent, Inc.

PER CURIAM.

1 2 3 4 5 6 7 8

9 UNITED STATES DISTRICT COURT

10 SOUTHERN DISTRICT OF CALIFORNIA

11 12 Case No.: 20-cv-697-DMS-AHG HEATHER TURRY, et al., 13 Plaintiffs, ORDER
GRANTING IN PART

14 v. MOTION FOR ATTORNEYS' FEES,
COSTS OF SUIT, AND SERVICE

15 VERVENT, INC., etc., et al.

AWARDS

16 Defendants. 17

18 19 Pending before the Court is Plaintiffs' motion for attorneys' fees, costs of suit, and 20
service awards for class representatives. (Motion, ECF No. 357). Defendants filed a 21 response in
opposition, (Opp'n, ECF No. 370), and Plaintiffs filed a reply. (Reply, ECF

22 No. 372). The motion is suitable for resolution without oral argument pursuant to Civil

23 Local Rule 7.1(d)(1). (ECF No. 373). For the reasons discussed below, the Court finds 24 that
Plaintiffs are entitled to \$4,086,277.04 in attorneys' fees, \$465,149.76 for costs of suit, 25 and
\$85,000 in service awards for the class representatives.

26 I. BACKGROUND

27 The background of this case has been summarized in numerous prior orders. (ECF
28 Nos. 128, 140, 151, 180). The facts below are relevant to the subject motion.

1 In April 2020, Plaintiffs filed their class action complaint against Defendants 2 Vervent, Inc.,
Activate Financial, LLC, David Johnson, Christopher Schuler, Lawrence 3 Chiavaro
("Defendants"), and Deutsche Bank Trust Company Americas ("DBTCA"). 4 (ECF No. 1). The
initial complaint named Jody Aliff, Marie Smith, and Heather Turrey as 5 class representatives,
and alleged the following claims: (1) Racketeer Influenced and 6 Corrupt Organizations Act
("RICO"); (2) Fair Debt Collection Practices Act ("FDCPA"); 7 (3) Rosenthal Fair Debt
Collection Practice Act ("RFDCPA"); (4) California's Unfair 8 Competition Law ("UCL"); and (5)
negligent misrepresentation. (Id. at 30–45). 9 Defendants and DBTCA filed motions to compel
arbitration. (ECF Nos. 31–32). The 10 Court granted DBTCA's motion and denied Defendants'
motion. Defendants appealed, 11 and thereafter the Ninth Circuit affirmed the Court's denial of
arbitration. 12 The case proceeded through voluminous discovery. The parties exchanged hundreds
13 of thousands of documents and took part in several discovery conferences before 14 Magistrate
Judge Goddard. During that process, Plaintiffs amended their complaint and 15 added new class
representatives following Defendants' settlement with some of the named 16 Plaintiffs. (ECF No.
84). The parties engaged in extensive motion practice: Defendants 17 filed a motion for summary
judgment (ECF No. 85); Plaintiffs filed a motion for class 18 certification (ECF No. 87);

Defendants filed a motion to dismiss—which they 19 subsequently withdrew (ECF Nos. 100; 104); Plaintiffs filed an amended motion for class 20 certification (ECF No. 143); and Defendants filed a second motion for summary judgment 21 (ECF No. 158). Ultimately, the Court denied Defendants’ summary judgment motions and 22 granted in part Plaintiffs’ amended motion for class certification. As the case approached 23 trial, Defendants filed motions to modify the scheduling order and decertify the class, (ECF 24 No. 183), which were denied. (ECF No. 193). The parties also filed several motions in 25 limine and Daubert motions. 26 On June 8, 2023, a seven-day class action jury trial commenced. During the trial 27 and nearing the close of Plaintiffs’ case in chief, the Court expressed skepticism that 28 Plaintiffs’ FDCPA, RFDCPA, and negligent misrepresentation claims could be adjudicated 1 on a class-wide basis and stated that it was inclined to decertify those claims. Plaintiffs 2 elected to dismiss those claims and not pursue them on an individual basis. Defendants 3 thereafter filed a motion for judgment as a matter of law pursuant to Rule 50(a) and 4 challenged Plaintiffs’ sole remaining class-claim under RICO, (ECF No. 280), which was 5 denied. (ECF No. 287). The jury returned a verdict in favor of Plaintiffs and all class 6 members on that claim and awarded \$4,000,000 in damages,¹ (ECF No. 300), which was 7 trebled under the statute for a total award of \$12,000,000. 8 Post-verdict, this Court scheduled a bench trial for Plaintiffs’ remaining equitable 9 claim under the UCL. After additional briefing by the parties, the Court dismissed the 10 UCL claim on jurisdictional grounds and vacated the bench trial. (ECF No. 338). Plaintiffs 11 also filed a motion to alter or amend the judgment pursuant to Rule 59(e), (ECF No. 313), 12 which was denied. (ECF No. 345).

13 II. LEGAL STANDARD

14 Under the RICO statute, “[a]ny person injured in his business or property by reason 15 of a violation of section 1962 of this chapter may sue therefor in any appropriate United 16 States district court and shall recover threefold the damages he sustains and the cost of the 17 suit, including a reasonable attorney’s fee.” 18 U.S.C. § 1964(c). Courts routinely 18 interpret this language to mandate an award of attorneys’ fees and costs to a party injured 19 by a RICO violation. See *Valadez v. Aguallo*, No. C-08-03100, 2009 WL 10680866, at *4 20 (N.D. Cal. Dec. 10, 2009), *aff’d*, 433 Fed. App’x 536 (9th Cir. 2011)). Because Plaintiffs 21 prevailed on their RICO claim, the parties contest only the amount of attorneys’ fees, costs, 22 and service awards.

23 III. DISCUSSION

24 To calculate attorneys’ fees, the Court starts with the lodestar method. See 25 *Gisbrecht v. Barnhart*, 535 U.S. 789, 801 (2002) (“The ‘lodestar’ figure has, as its name 26 27 1 The jury did not find Defendant Chiavaro liable under the RICO claim, (ECF No. 300), and all claims 28 1 suggests, become the guiding light of our fee-shifting jurisprudence.” (quoting 2 *Burlington v. Dague*, 505 U.S. 557, 562 (1992))); see also *In re Apple Inc. Device 3 Performance Litig.*, 50 F.4th 769, 784 (9th Cir. 2022) (“When calculating an attorney’s fee 4 award, a district court can employ one of two methods—the lodestar or a percentage of the 5 recovery.”). Here, the parties agree the

lodestar method is appropriate. “Under the lodestar 6 method, the district court ‘multiplies the number of hours the prevailing party reasonably 7 spent on litigation by a reasonable hourly rate to determine a presumptively reasonable fee 8 award.’” *In re Apple*, 50 F.4th at 784 (quoting *Kim v. Allison*, 8 F.4th 1170, 1180 (9th Cir. 9 2021)). After the initial lodestar calculation, the court can apply upward or downward 10 adjustments “to account for factors such as ‘the quality of representation, the benefit 11 obtained for the class, the complexity and novelty of the issues presented, and the risk of 12 nonpayment.’” *Id.* (quoting *Kim*, 8 F.4th at 1180–81). 13 A. Reasonable Hourly Rate 14 The reasonable hourly rate is set by the “prevailing market rates in the relevant 15 community.” *Gonzalez v. City of Maywood*, 729 F.3d 1196, 1205 (9th Cir. 2013) (quoting 16 *Dang v. Cross*, 422 F.3d 800, 813 (9th Cir. 2005)). “Generally, when determining a 17 reasonable hourly rate, the relevant community is the forum in which the district court 18 sits”—here the Southern District of California. *Id.* (quoting *Prison Legal News v. 19 Schwarzenegger*, 608 F.3d 446, 454 (9th Cir. 2010)). The Court employs currently 20 prevailing rates in its calculations. See *In re Washington Pub. Power Supply Sys. Sec. 21 Litig.*, 19 F.3d 1291, 1305 (9th Cir. 1994) (“Full compensation requires charging current 22 rates for all work done during the litigation, or by using historical rates enhanced by an 23 interest factor.”). 24 Plaintiffs’ counsel Blood, Hurst & O’Reardon, LLP requests hourly rates of or 25 between \$660 to \$960 for partners, \$675 for Of Counsel, \$500 to \$575 for associates, \$175 26 to \$280 for paralegals, and \$215 for summer associates. (Blood Decl., ECF No. 357-2 27 ¶ 75). Langer, Grogan & Diver P.C. requests hourly rates of \$950 for partners, \$950 for 28 “Senior Attorney,” \$550 for associates, and \$280 for paralegals. (Ackelsberg Decl., ECF

1 No. 357-14 ¶ 39). The Law Office of Paul Arons requests a \$700 hourly rate for attorney

2 Paul Arons. (Grace Decl., ECF No. 357-17 ¶ 13). Any variation within each category is 3 explained by years of legal experience. Defendants do not dispute these hourly rates. 4 After reviewing Plaintiffs’ counsels’ rates, the Court finds them to be reasonable. 5 They are approximately in line with past hourly rates approved in this district. See *In re 6 Outlaw Lab’sys, LP Litig.*, No. 18-CV-840-GPC-BGS, 2023 WL 6522383, at *3 (S.D. Cal.

7 Oct. 5, 2023) (approving hourly rates of \$996 for senior partners and \$855 for other

8 attorneys); *CliniComp Int’l, Inc. v. Cerner Corp.*, No. 17-cv-02479, 2023 WL 2604816, at 9 *3 (S.D. Cal. Mar. 22, 2023) (approving hourly rates of over \$1,000 for partners); *Lopez v. 10 Mgmt. & Training Corp.*, No. 17-cv-1624, 2020 WL 1911571, at *8-9 (S.D. Cal. Apr. 20, 11 2020) (approving hourly rates ranging from \$500 to \$900). 12 As for the paralegals, the requested hourly rates are also consistent with their years 13 of experience. This district has awarded paralegal fees in line with the \$175 to \$280 hourly 14 rates requested by Plaintiffs’ counsel. See *Durruthy v. Charter Commc’ns, LLC*, No. 20- 15 CV-01374-W-MSB, 2021 WL 6883423, at *6 (S.D. Cal. Sept. 30, 2021) (collecting cases). 16 Dafne Maytorena and Kim Ferrari have over 21 years of experience as paralegals. Their 17 requested \$280 hourly rate is consistent with awards in this district. See, e.g., *In re Maxwell 18 Techs., Inc., Derivative Litig.*, No. 13CV966 BEN (RBB),

2015 WL 12791166, at *5 (S.D. 19 Cal. July 13, 2015). Though no experience-level was provided for paralegal Daniela 20 Rodriguez, her requested \$175 hourly rate is generally consistent with approved rates in 21 this district for paralegals without significant experience. Id. 22 Finally, Langer, Grogan & Diver P.C. requests a \$215 hourly rate for its summer 23 associate's work. Reasonable rates for summer associates have been assessed in this 24 district between \$125 and \$150 per hour. See *Stross v. Z Lifestyle LLC*, No. 20-CV-177- 25 DMS-AGS, 2020 WL 13556135, at *8 (S.D. Cal. Nov. 5, 2020) (finding a \$200 hourly rate 26 for summer associates "on the high end for [the Southern] District" and instead finding a 27 \$150 hourly rate to be reasonable); *Grace Church of N. Cnty. v. City of San Diego*, 28 No. 07CV0419 H(RBB), 2008 WL 11508664, at *9 (S.D. Cal. Sept. 9, 2008) (awarding a 1 \$125 hourly rate for summer associate work). Given a summer associate's dearth of legal 2 experience, the Court finds a slight reduction to a \$175 hourly rate is warranted. This 3 finding is consistent with the hourly rate assigned for paralegals without significant 4 experience. See *Stross*, 2020 WL 13556135, at *8 (setting the same hourly rate for summer 5 associates and paralegals). 6

B. Reasonable Number of Hours Expended 7 "In determining the appropriate number of hours to be included in a lodestar 8 calculation, the district court should exclude hours that are excessive, redundant, or 9 otherwise unnecessary." *McCown v. City of Fontana*, 565 F.3d 1097, 1102 (9th Cir. 2009) 10 (quoting *Hensley v. Eckerhart*, 461 U.S. 424, 436 (1983)). Plaintiffs "bear[] the burden of 11 documenting the appropriate hours expended in the litigation and must submit evidence in 12 support of those hours worked." *Gates v. Deukmejian*, 987 F.2d 1392, 1397 (9th Cir. 13 1992). Defendants bear the "burden of rebuttal that requires submission of evidence to the 14 district court challenging the accuracy and reasonableness of the hours charged or the facts 15 asserted by the prevailing party in its submitted affidavits." Id. at 1397–98. 16 Plaintiffs' counsel request a collective lodestar based on 7,024 hours.² Motion, at 17 23–24; Blood Decl. ¶ 75; Ackelsberg Decl. ¶ 39. Counsel claim that these hours 18 "represent[] only time spent that benefited the Class" and "exclude[] billable hours related 19 to work on certain post-trial briefing, including Plaintiffs' failed UCL claim, the motion to 20 alter or amend the judgment, the motion for leave to amend the Second Amended 21 Complaint, work exclusively related to researching and calculating prejudgment interest, 22 and work exclusively related to dismissed defendant DBTCA." Blood Decl. ¶ 74; see also 23 Ackelsberg Decl. ¶ 39. 24 25 26 2 The Court notes that Plaintiffs' Motion requests 6,660.40 hours for reimbursement. (Motion, at 24). This figure appears to exclude hours billed by the late Paul Arons. However, Plaintiffs' accompanying 27 affidavits include Mr. Arons' hours and billable rates. See Blood Decl., ¶ 84; Ackelsberg Decl. at 20; Grace Decl. ¶ 11. Accordingly, the Court interprets Plaintiffs' Motion to request reimbursement for a 28 1

1. Relation of Unsuccessful Claims 2 "A plaintiff is not eligible to receive attorney's fees for time spent on unsuccessful 3 claims that are unrelated to a plaintiff's successful [RICO] claim. Such unrelated claims 4 must be treated as if they had been raised in a separate lawsuit to realize 'congressional 5 intent to limit awards to prevailing parties.'" *McCown v. City of Fontana*, 565

F.3d 1097, 6 1103 (9th Cir. 2009) (quoting *Hensley*, 461 U.S. at 435). However, “in a lawsuit where 7 the plaintiff presents different claims for relief that ‘involve a common core of facts’ or are 8 based on ‘related legal theories,’ the district court should not attempt to divide the request 9 for attorney’s fees on a claim-by-claim basis. Instead, the court must proceed to the second 10 part of the analysis and ‘focus on the significance of the overall relief obtained by the 11 plaintiff in relation to the hours reasonably expended on the litigation.’” *Id.* (quoting 12 *Hensley*, 461 U.S. at 435) (internal citations omitted). 13 Defendants argue that Plaintiffs’ four unsuccessful claims—FDCPA, RFDCPA, 14 negligent misrepresentation, and UCL—were unrelated and should be excluded from the 15 lodestar. (Opp’n, at 20). These claims, according to Defendants, did not “share[] any legal 16 or factual overlap with the RICO theory” and were instead “about particular regulatory 17 requirements.” (*Id.* at 23). Plaintiffs argue that each claim centered on the same “common 18 core of facts”—the PEAKS loan scheme. (Reply, at 9). 19 The Court agrees with Plaintiffs. Although based on different legal theories, each 20 of Plaintiffs’ claims focused on the fraudulent PEAKS loan program. The RICO 21 conspiracy presented to the jury encompassed all acts of Defendants’ alleged wrongdoing, 22 including those acts under the dismissed claims. As the Court previously noted, while the 23 validity of the PEAKS loans is principally related to Plaintiffs’ FCPA, RFDCPA, UCL, 24 and negligent misrepresentation claims, the asserted invalidity of the underlying loans is 25 relevant to Plaintiff’s RICO conspiracy claim and Defendants’ knowledge of the 26 conspiracy, as it is one of the red flags Plaintiffs claim put Defendants on notice of ITT’s 27 fraudulent loan scheme. (ECF No. 180, at 3). Accordingly, the Court declines to engage 28 in Defendants’ proposed claim-by-claim division of attorneys’ fees. 1 Defendants also appear to argue that because Plaintiffs’ counsels’ work on these 2 related claims were unsuccessful, the Court should excise those hours from the lodestar. 3 (Opp’n, at 26–27). As stated, Ninth Circuit precedent is primarily concerned with the 4 relatedness of the claims—not whether those claims were ultimately successful. While the 5 Court agrees that Plaintiffs should not be compensated for unnecessary and irrelevant work, 6 the dismissed claims were neither unnecessary nor irrelevant. 7 2. Staffing 8 “[T]he participation of more than one attorney does not necessarily constitute an 9 unnecessary duplication of effort.” *McGrath v. Cnty. of Nevada*, 67 F.3d 248, 255 (9th

10 Cir. 1995) (quoting *Kim v. Fujikawa*, 871 F.2d 1427, 1435 n.9 (9th Cir. 1989)). “A 11 reduction of fees is warranted only if the attorneys are unreasonably doing the same work. 12 An award for time spent by two or more attorneys is proper as long as it reflects the distinct 13 contribution of each lawyer to the case and the customary practice of multiple-lawyer 14 litigation.” *Herring Networks, Inc. v. Maddow*, No. 19-CV-1713-BAS-AHG, 2021 WL 15 409724, at *9 (S.D. Cal. Feb. 5, 2021) (quoting *Noyes v. Grossmont Union High Sch. Dist.*, 16 331 F. Supp. 2d 1233, 1250 (S.D. Cal. 2004), *rev’d on other grounds*, *Evan v. Grossmont 17 Union High Sch. Dist.*, 197 Fed. App’x 648 (9th Cir. 2006)). 18 Defendants further argue that Plaintiffs’ counsel overstaffed their case and that a 19 reduction in attorney hours is warranted. (Opp’n, at

25–26). Defendants’ particular gripes with Plaintiffs staffing include (1) the fact that Plaintiffs’ counsel had seventeen unique timekeepers to Defendants’ two; and (2) Plaintiffs’ counsel had multiple attorneys present at depositions and at trial versus Defendants’ two attorneys. (*Id.* at 25). The Court declines Defendants’ invitation to penalize Plaintiffs’ counsel for their staffing decisions. “While it is appropriate to consider the skill required to perform a task, the district court may not set the fee based on speculation as to how other firms would have staffed the case.” *Moreno*, 534 F.3d at 1114 (internal citations omitted). The Ninth Circuit in *Moreno* noted that “[t]he cost effectiveness of various law firm models is an open question, and it is by no means clear whether a larger law firm would have billed more or less for the entire case.” *Id.* Accordingly, the Court declines to reduce the amount of attorney hours based on Plaintiffs’ staffing decisions.

3. Attorney Hours Related to Appeal

Defendants contend that Plaintiffs should not be compensated for any work relating to Defendants’ appeal of this Court’s Order denying Defendants’ motion to compel arbitration. Defendants argue that, “RICO does not authorize attorneys’ fees on appeal,” and Plaintiffs had to but “did not request a fee determination from the Ninth Circuit.” (*Opp’n*, at 29). Plaintiffs disagree, noting that other courts have held that the RICO statute authorizes awarding fees and costs spent on appeals. (*Reply*, at 12). The Court agrees with Plaintiffs. At the outset, courts in this Circuit and others have routinely held that RICO authorizes reimbursement for attorneys’ fees spent on appeals. See *Int’l Bus. Machines Corp. v. Brown*, No. 94-56001, 1998 WL 10751, at *4 (9th Cir. Jan. 9, 1998) (granting respondent’s request for attorneys’ fees on appeal); *Int’l Floor Crafts v. Dziemit*, 420 Fed. App’x 6, 18–19 (1st Cir. Apr. 21, 2011) (“We assume for present purposes that appellate fees are part of the fees calculable as costs under RICO.”); *C.f. Bullock v. Abbott and Ross Credit Servs., L.L.C.*, No. A-09-CV-413 LY, 2009 WL 17 4598330, at *5 & n.10 (W.D. Tex. Dec. 3, 2009) (finding RICO appeal costs reimbursements “appropriate only in the event an appeal takes place”). Plaintiffs were not required to request attorneys’ fees from the Ninth Circuit. Defendants’ single cited authority involved an appeal of a claim under 42 U.S.C. § 1988, which specifically requires that attorneys’ fees incurred on appeal “must be filed in the first instance in the circuit court.” *Wheeler v. Coss*, No. 06-CV-00717-RAM, 2010 WL 2628667, at *6 (D. Nev. June 28, 2010). No such requirement exists under the RICO statute, 18 U.S.C. § 1964.

Accordingly, the Court declines to omit counsels’ work caused by Defendants’ appeal of the Order denying Defendants’ motion to compel arbitration.

4. Attorney Hours Related to Discovery Disputes

Defendants also argue that Plaintiffs should not be entitled to any compensation relating to discovery disputes because no discovery motions were filed. (*Opp’n*, at 28–29). However, courts in this district routinely include in lodestar calculations work done on discovery disputes regardless of whether a motion to compel was filed. See *Shames v. Hertz Corp.*, No. 07-CV-2174-MMA WMC, 2012 WL 5392159, at *19 (S.D. Cal. Nov. 5, 4 2012) (noting “discovery disputes, lengthy meet and confer efforts, . . . and other extensive discovery-

related work” when calculating the lodestar); *Hawkins v. Kroger Co.*, 6 No. 15CV2320 JM (AHG), 2022 WL 345639, at *10 (S.D. Cal. Feb. 4, 2022) (noting 7 “numerous discovery disputes” when calculating the lodestar). Accordingly, the Court 8 declines to omit from the lodestar calculation attorney time related to resolution of 9 discovery disputes. 10 5. Sufficient Documentation 11 Defendants argue that Plaintiffs’ counsel did not meet their burden because they 12 failed to provide time records and documentation showing “with any specificity the tasks 13 completed ... for attorney spent time on each task.” (Opp’n, at 16). The consequence for 14 this lack of specificity, according to Defendants, should be a reduction of attorneys’ fees 15 on a percentage basis or denial of Plaintiffs’ request for attorneys’ fees and costs. (Id.). 16 However, time records are not required where, as here, the reviewing court has “detailed 17 declarations” and other documentation sufficient to address the request for fees. See 18 *Planned Parenthood Fed’n of Am., Inc. v. Ctr. For Med. Progress*, No. 16-cv-236-WHO, 19 2020 WL 7626410, at *6–7 (N.D. Cal. Dec. 22, 2020); N.D. Cal. Civ. L.R. 54-5(b)(2) (no 20 submission of time records with fee motion unless ordered by the court). Class counsel 21 here submitted detailed descriptions, declarations, and tables of information supporting 22 their fees motion. 23 Nevertheless, counsels’ general description of what hours were not billed—asserting 24 they “voluntarily cut their lodestar by 11%[,]” (Reply, at 2)—left some gaps in an 25 otherwise satisfactory record. Accordingly, the Court applies a 5% reduction to Plaintiffs’ 26 total requested hours. See *Moreno v. City of Sacramento*, 534 F.3d 1106, 1112 (9th Cir. 27 2008) (“[T]he district court can impose a small reduction, no greater than 10 percent—a 28 1 || ‘haircut’—based on its exercise of discretion and without a more specific explanation.”). 2 Consequently, the Court finds Plaintiffs’ counsels’ reasonable hours to be 6,672.8 hours. 3 C. The Resulting Lodestar 4 Based on the foregoing discussion, Plaintiffs’ initial lodestar calculation 1s 5 ||\$5,060,405. After the 5% reduction, the lodestar is \$4,807,384.75. == = 7 Firm BHO Timothy G. 493.75 \$960 \$474,000 sf PBST Bee’ | PNP |e | Set 9 10 O’Reardon II ll 13 MacPherson 15 Yarmolinet 16 BHO Dafne 260.25 \$280 \$72,870 PL wets | AP | |S i Rodriguez 19 50 LGD | Mary Catherine 15.60 \$950 \$14,820 af eee | ee | ee Nagdeman 23 24 25 7,024 \$5,060,405.00 6 x 0.95 Total \$4,807,384.75 27 28 1 D. Adjustments to the Lodestar 2 Although the lodestar is presumptively reasonable, the Court may adjust it by an 3 appropriate multiplier “reflecting a host of reasonableness factors, including the quality of 4 representation, the benefit obtained for the class, the complexity and novelty of the issues 5 presented, and the risk of nonpayment.” *Yamada v. Nobel Biocare Holding AG*, 825 F.3d 6 536, 546 (9th Cir. 2016) (quoting *In re Bluetooth Headset Prods. Liab. Litig.*, 654 F.3d 7 935, 941 (9th Cir. 2011)) (internal quotations omitted). Of these factors, “a party’s success 8 in the litigation is the ‘most critical.’” *Id.* (quoting *Hensley*, 461 U.S. at 436). “[W]here 9 the plaintiff has achieved ‘only limited success,’ counting all hours expended on the 10 litigation—even those reasonably spent—may produce an ‘excessive amount.’” *In re 11 Bluetooth*, 654 F.3d at 942 (quoting *Hensley*, 461 U.S. at 436). 12 1. Level of Success 13 “When an adjustment is requested on the basis of either the exceptional or limited 14 nature of the relief obtained by the

plaintiff, the district court should . . . consider[] the 15 relationship between the amount of the fee awarded and the results obtained.” Yamada, 16 825 F.3d at 546. A party’s level of success includes “the damages award, potentially a 17 related settlement amount, and ‘the significant nonmonetary results . . . achieved for 18 [plaintiffs] and other members of society.’” In re Outlaw Lab’ys, 2023 WL 6522383, at 19 *8 (quoting *Morales v. City of San Rafael*, 96 F.3d 359, 365 (9th Cir. 1996)). “[T]he 20 district court must consider the excellence of the overall result, not merely the amount of 21 damages won.” McCown, 565 F.3d at 1104. Nonetheless, “a district court should ‘give 22 primary consideration to the amount of damages awarded as compared to the amount 23 sought.’” Id. (quoting *Farrar v. Hobby*, 506 U.S. 103, 114 (1992)). 24 Plaintiffs’ counsel argue that they achieved “an [e]xceptional [r]esult for the Class” 25 after having “battled for years with formidable adversaries and prevail[ing] in a complex 26 and difficult trial against three of four defendants.” (Motion, at 28). Defendants have a 27 different interpretation of the result, noting that Plaintiffs prevailed on only one of five 28 claims and were awarded approximately 7% of their requested damages. (Opp’n, at 18). 1 As a result, Defendants recommend an 80% reduction to the lodestar to reflect Plaintiffs’ 2 20% success rate on the claims they brought. (Id. at 20). 3 The Court starts with Plaintiffs’ monetary success. Plaintiffs prevailed on their 4 RICO claim and were awarded a total recovery of \$12,000,000. Plaintiffs’ victory falls 5 short of their goal of \$51,509,051, but it was a significant win as it proved up a massive 6 loan scheme that Defendants facilitated under challenging facts and circumstances. 7 The Court next considers Plaintiffs’ nonmonetary success, specifically the 8 “excellence of the overall result.” “[T]he district court should consider whether, and to 9 what extent, [Plaintiffs’] suit benefitted the public. The public benefit of a suit must have 10 enough of an impact to justify a fully compensatory fee award despite limited success on 11 damages claims. To determine this impact, the district court should consider whether the 12 plaintiff has affected a change in policy or a deterrent to widespread civil rights violations.” 13 McCown, 565 F.3d at 1105. In the context of RICO suits, consideration of nonmonetary 14 success is particularly appropriate since “fee-shifting under 18 U.S.C. § 1964(c) ensures 15 that persons with legitimate racketeering concerns can obtain representation.” In re Outlaw 16 Lab’ys, 2023 WL 6522383, at *8. Thus, “it would be wrong to evaluate the extent of the 17 results Plaintiffs’ counsel obtained based solely on the number of dollars they recovered 18 for their clients.” Gonzalez, 729 F.3d at 1210. 19 As noted, Plaintiffs successfully litigated a challenging and hard-fought RICO claim. 20 Where counsel’s work and the duration of an action are “short,” additional scrutiny of a 21 fee request is warranted. See *Lo v. Oxnard European Motors, LLC*, No. 11CV1009 JLS 22 MDD, 2012 WL 1932283, at *3 (S.D. Cal. May 29, 2012) (“[E]xpress[ing] concern over 23 awarding attorneys’ fees in excess of twenty-five percent of the settlement fund given the 24 short duration of the action and the fact that the complaint appear[ed] to be a boilerplate 25 complaint that Plaintiff’s counsel need only amend slightly in each case it files alleging a 26 TCPA violation, of which there are many.”). However, as here, where counsel actively 27 litigated the case through extensive dispositive motion practice, class certification 28

challenges, and an appeal, courts have noted the significant benefit to class members 1 beyond the monetary value of the damages awarded. See *Keegan v. Am. Honda Motor Co, 2 Inc.*, No. CV 10-09508 MMM (AJWX), 2014 WL 12551213, at *27 (C.D. Cal. Jan. 21, 3 2014) (finding “settlement conferred a significant benefit on class members” where counsel 4 prevailed on class certification and defendant’s motion to dismiss and petition for 5 interlocutory appeal). 6 Plaintiffs’ success on their RICO claim also conferred nonmonetary benefits to the 7 public by generally “deterring similar conduct by others.” *Tanedo v. E. Baton Rouge Par. 8 Sch. Bd.*, No. SA CV10-01172 JAK (MLGx), 2013 WL 12173894, at *17 (C.D. Cal. Sept. 9 6, 2013). Though the precise value of this deterrence is uncertain, the Court may consider 10 it as part of Plaintiffs’ nonmonetary success. See *Gonzalez*, 729 F.3d at 1210 (considering 11 as part of the litigation’s success that the “filing and prosecution of these lawsuits . . . and 12 subsequent decision to shut down its beleaguered police department.”). 13 Finally, as to Defendants’ proportionality argument, although Plaintiffs succeeded 14 on only one of its claims, that fact alone does not warrant a proportional 80% reduction to 15 the lodestar. A “test of strict proportionality” is inappropriate under the circumstances. 16 See *McCown*, 565 F.3d at 1104. Rather, courts in this circuit have found that a party’s 17 success on only one of five claims—depending on the nature of that success—may warrant 18 only a modest lodestar reduction between 10-20%. See *Yamada*, 825 F.3d at 546 (20%); 19 *In re Outlaw Lab’ys*, 2023 WL 6522383, at *9 (15%); *Hamed v. Macy’s W. Stores, Inc.*,

20 No. 10-2790, 2011 WL 5183856, at *7 (N.D. Cal. Oct. 31, 2011) (10%). As noted, this is 21 so here because the overarching RICO conspiracy advanced by Plaintiffs encompassed all 22 aspects of Defendants’ alleged wrongdoing under each claim, including those claims that 23 were dismissed during trial. 24 2. Risk of Nonpayment 25 Plaintiffs’ counsel request a multiplier on the lodestar to reflect the risk they incurred 26 by taking this case on a contingency if “the Court were to reduce either the number of hours 27 or hourly rates requested.” (Motion, at 27). While the Court may “apply a risk multiplier 28 to the lodestar ‘when (1) attorneys take a case with the expectation they will receive a risk 1 enhancement if they prevail, (2) their hourly rate does not reflect that risk, and (3) there is 2 evidence the case was risky[,]” *Stanger v. China Elec. Motor, Inc.*, 812 F.3d 731, 741 (9th

3 Cir. 2016) (quoting *Fischel v. Equitable Life Assurance Soc’y of U.S.*, 307 F.3d 997, 1008 4 (9th Cir. 2002)), Plaintiffs never addressed any of these factors. The Court therefore 5 declines to consider risk of nonpayment in calculating a lodestar multiplier. 6 3. Lodestar Multiplier 7 After considering the level of Plaintiffs’ monetary and nonmonetary successes as 8 compared to the amount of damages sought, the Court finds that a 0.85 multiplier to the 9 lodestar is warranted. This reduction is consistent with other courts in this district where 10 Plaintiffs succeeded on one of five related claims. Consequently, the adjusted lodestar 11 amount is $\$4,807,384.75 \times 0.85 = \$4,086,277.04$. 12 D. Cost of Suit 13 Under RICO, the injured party may recover “the cost of the suit.” 18 U.S.C. 14 § 1964(c). Recoverable costs include “standard out-of-pocket litigation

expenses, such as 15 printing and legal research, as well as costs that are normally non-taxable, such as travel 16 expenses.” In re Outlaw Lab’s, 2023 WL 6522383, at *9. Plaintiffs request costs for 17 “expert fees, deposition costs, mediation fees, electronic discovery database support, 18 issuing class notice, filing and service of process, travel, online research, photocopies, 19 postage, telephone charges, and the jury trial.” (Motion, at 28). These costs are typical 20 and supported by invoices. (Id.; ECF Nos. 357-7–357-13; 357-16). Defendants’ sole 21 objection to the request is that Plaintiffs do not differentiate between costs incurred for 22 their RICO and non-RICO claims, and thus an 80% reduction is warranted. (Opp’n, at 29– 23 30). For the reasons discussed above, the Court finds that Plaintiffs’ costs incurred due to 24 their dismissed claims are related to their successful RICO prosecution. Accordingly, the 25 Court finds that Plaintiffs are entitled to costs in the sum of \$465,149.76. 26 E. Service Awards 27 “[N]amed plaintiffs . . . are eligible for reasonable incentive payments. The district 28 1 actions the plaintiff has taken to protect the interests of the class, the degree to which the 2 class has benefitted from those actions, . . . the amount of time and effort the plaintiff 3 expended in pursuing the litigation . . . and reasonabl[e] fear[s of] workplace retaliation.” 4 Staton v. Boeing Co., 327 F.3d 938, 977 (9th Cir. 2003) (quoting Cook v. Niedert, 142 F.3d 5 1004, 1016 (7th Cir. 1998)). The purpose of service awards is to “compensate class 6 representatives for work done on behalf of the class, to make up for financial or reputational 7 risk undertaken in bringing the action, and, sometimes, to recognize their willingness to act 8 as a private attorney general.” Rodriguez v. W. Publ’g Corp., 563 F.3d 948, 958–59 (9th 9 Cir. 2009).

10 Plaintiffs request \$25,000 in service awards for Plaintiff Turrey and \$20,000 each 11 for Plaintiffs Fiatty, Hernandez, and Sazon. (Motion, at 29). These requests are consistent 12 with service awards issued in other cases. See Pelletz v. Weyerhaeuser Co., 592 F. Supp. 13 2d 1322, 1329-30 & n.9 (W.D. Wash. 2009) (collecting decisions approving awards 14 ranging from \$5,000 to \$40,000). 15 Plaintiff Turrey served as class representative throughout the entirety of the 16 litigation. (ECF No. 357-21 ¶ 2). She played an active and vital role during discovery, 17 answering questions and producing documents necessary for her attorneys to answer 18 interrogatories and requests for production. (Id. ¶ 7). She prepared for and participated in 19 her own deposition, the March 22, 2023 settlement conference, and trial. (Id. ¶¶ 8–12). 20 The Court finds that the time and effort Plaintiff Turrey spent on this litigation and the 21 benefit her efforts provided to the class justify a \$25,000 service award. Similarly, the 22 efforts of Plaintiffs Fiatty, Hernandez, and Sazon all benefitted the class. Each of them 23 provided necessary information and documents for their attorneys to answer interrogatories 24 and requests for production. (ECF No. 357-18 ¶ 6; ECF No. 357-19 ¶ 6; ECF No. 357-20 25 ¶ 6). These Plaintiffs also prepared for and participated in depositions, the March 22, 2023 26 settlement conference, and trial. (ECF No. 357-18 ¶¶ 7–11; ECF No. 357-19 ¶¶ 7–11; ECF 27 No. 357-20 ¶¶ 7–11). The principal difference between these Plaintiffs and Plaintiff

28 Turrey was that they (Fiaty, Hernandez, and Sazon) were designated as class 1 ||representatives later in the litigation. Accordingly, the Court finds that a \$20,000 service 2 award for Plaintiffs Fiaty, Hernandez, and Sazon is appropriate for each of them under the 3 || circumstances.

4 IV. CONCLUSION

5 For these reasons, Plaintiffs are awarded \$4,086,277.04 in attorneys' fees and 6 ||\$465,149.76 for costs of suit. The Court also awards Plaintiff Turrey \$25,000, and 7 || Plaintiffs Fiaty, Hernandez, and Sazon \$20,000 each in service awards. 8 SO ORDERED. 9 || Dated: February 26, 2025 10 =n Yn. Lh) 11 Hon. Dana M. Sabraw United States District Judge 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28