UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

**CIVIL MINUTES – GENERAL**

| Case No. | 2:19-ml-2905-JAK (JPRx) | Date | October 8, 2025 |
|---|---|---|---|
| Title | In Re: ZF-TRW Airbag Control Units Products Liability Litigation | | |

| Present: The Honorable | JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE |
|---|---|

| Jessica Cortes | Not Reported |
|---|---|
| Deputy Clerk | Court Reporter / Recorder |
| Attorneys Present for Plaintiffs: | Attorneys Present for Defendants: |
| Not Present | Not Present |

**Proceedings:** **(IN CHAMBERS) ORDER RE MOTION FOR FINAL APPROVAL OF CLASS SETTLEMENT, AND AWARD OF ATTORNEYS' FEES, EXPENSES, AND SERVICE AWARDS TO SETTLEMENT CLASS REPRESENTATIVES (DKT. 1046)**

## I. Introduction

On August 8, 2019, this multi-district litigation ("MDL") was established and transferred to this Court. Dkt. 1. The MDL, which has included 20 member cases, concerns airbag control units ("ACUs") that are allegedly defective because they contain a specific component part that is vulnerable to electrical overstress ("EOS"). *Id.* at 2. The alleged defect ("Alleged Defect" or "ACU Defect") can result in the failure of airbags in a vehicle to deploy during a collision. *Id.*

On July 27, 2020, eight groups of defendants filed individual motions to dismiss, as well as a joint motion to dismiss. Dkts. 208, 209, 212, 213, 214, 219, 220. On February 9, 2022, an order issued granting in part and denying in part these motions to dismiss. Dkt. 396.

On May 26, 2022, a Consolidated Amended Class Action Complaint ("ACAC"), which is the operative one, was filed. Dkt. 477. On August 2, 2022, five groups of defendants filed individual motions to dismiss the ACAC, as well as a joint motion to dismiss. Dkts. 527, 528, 529, 530, 531, 532. Additional motions to dismiss the ACAC were filed throughout 2023 and 2024. Dkts. 682, 715, 852. On August 15, 2025, an order issued granting in part and denying in part these motions to dismiss. Dkt. 1050.

On March 17, 2025, the Hyundai and Kia Plaintiffs[1] ("Hyundai-Kia Plaintiffs" or "Plaintiffs") filed a Motion for Preliminary Approval of Class Action Settlement (the "Motion"). Dkt. 1027. The Motion presented a proposed settlement of Plaintiffs' claims against the Hyundai and Kia Defendants[2] and

[1] The Hyundai and Kia Plaintiffs are the following: Larae Angel; Bobbi Jo Birk-LaBarge; John Colbert; Brian Collins; Gerson Damens; Bonnie Dellatorre; Dylan DeMoranville; Joseph Fuller; Tina Fuller; Lawrence Graziano; Michael Hernandez; Kinyata Jones; Diana King; Richard Kintzel; Carl Paul Maurilus; Kenneth Ogorek; Burton Reckles; Dan Sutterfield; Amanda Swanson and Lore Van Houten. Dkt. 1027 at 12 n.1.

[2] The Hyundai and Kia Defendants are Hyundai Motor Company, Hyundai Motor America, Kia Corporation, and Kia America, Inc. Dkt. 1027 at 12 n.2.

Mobis Defendants[3] (collectively, the "Settling Defendants" or the "Hyundai-Kia Defendants"). *Id.* at 12. A hearing on the Preliminary Approval Motion was held on April 7, 2025. On April 14, 2025, an order issued granting the Preliminary Approval Motion (the "Preliminary Approval Order"). Dkt. 1036.

On July 15, 2025, Plaintiffs filed a Motion for Final Approval of Class Settlement, and Award of Attorneys' Fees, Expenses, and Service Awards to Settlement Class Representatives (the "Motion"). Dkt. 1046. On September 8, 2025, Plaintiffs filed a reply in support of the Motion (the "Reply"). Dkt. 1063.

On September 15, 2025, an Order issued which, due to scheduling conflicts, continued the Final Approval hearing from 8:30 a.m. to 1:30 p.m. on September 29, 2025, and setting the hearing for Zoom. Dkt. 1066. The September 15, 2025 Order required Class Counsel to provide Class Members updated notice as specified in the Order. *Id.* at 2. In a September 19, 2025 status report, Class Counsel reported that the Settlement Website was updated to provide information about the new start time and Zoom access information for the Final Approval hearing. Dkt. 1069 at 2. Further, Class Counsel stated that, as directed by the Court, all objectors to the Settlement Agreement had been provided individual notice by priority mail, return receipt requested, of the time change and Zoom information for the Final Approval hearing. *Id.*

A hearing on the Motion was held on September 29, 2025, and the matter was taken under submission. Dkt. 1076. For the reasons stated in this Order, the Motion is **GRANTED**.

## II. Background

### A. The Parties

There are 53 plaintiffs named in the ACAC, who purchased or leased vehicles from the Vehicle Manufacturer Defendants. Dkt. 477 ¶ 64. Of these, 20 are the Hyundai-Kia Plaintiffs, who brought claims against the Settling Defendants. *Id.* The Defendants named in the ACAC are companies from several different corporate groups: ZF, STMicro, Kia, Hyundai, Hyundai Mobis, Fiat Chrysler, Toyota, Honda and Mitsubishi. *Id.* ¶ 23.

There are five groups of defendants that constitute the "Vehicle Manufacturer Defendants," which are alleged to be "companies that make and sell completed vehicles and their affiliates." *Id.* ¶ 41. The Settling Defendants are one of these groups. *Id.* ¶ 43. There are three groups of defendants that constitute the "Supplier Defendants." *Id.* ¶¶ 25, 42.

### B. Substantive Allegations

It is alleged that the Settling Defendants, as well as other Vehicle Manufacturer Defendants, manufactured vehicles with defective ACUs ("Class Vehicles"). Dkt. 477 ¶¶ 6, 7, 9.

It is alleged that ACUs are connected by electrical wiring to crash sensors located on the front of vehicles. *Id.* ¶ 6. The crash sensors detect activity in the front of the vehicle and send corresponding

[3] "Mobis Defendants" refers to Hyundai Mobis Co., Ltd. and Mobis Parts America, LLC. Dkt. 1027 at 12 n.3.

electrical signals to the ACU, which receives and interprets these signals. *Id.* When certain thresholds are met, the ACU issues a command to the vehicle's safety system to deploy its airbags and tighten its seatbelts to protect passengers from an imminent collision. *Id.* Within the ACU, the application-specific integrated circuit ("ASIC") processes the signal from the crash sensors and activates the airbags and seatbelts. *Id.* ¶¶ 7, 10.

It is alleged that when an ACU malfunctions, it can cause the airbags and seatbelts in a vehicle to fail to perform their functions of restraining and protecting passengers and drivers. *Id.* ¶ 6. One threat to the functionality of ACUs, as well as other automatic electronics, are large "transients." *Id.* ¶ 465. Transients are "short duration, high magnitude voltage peaks, commonly referred to as surges or bursts." *Id.* It is alleged that "[f]or decades, participants in the automotive industry—including all the Defendants in this litigation—have known that transients can be generated inside and outside a motor vehicle" and can cause damage to electrical equipment such as ACUs. *Id.* ¶ 466. Because transients impair the ability of ACUs and ASICs to activate safety restraints in a collision, a properly designed ACU and ASIC can withstand transients. *Id.* ¶ 471. If an ACU is not protected from transients, it can experience EOS. *Id.* ¶¶ 465–71.

It is alleged that the ACUs at issue in this action (the "ZF-TRW ACUs") are defective because they contain a DS84 ASIC, which is more susceptible than competing microchips to EOS due to transients (the "Defect"). *Id.* ¶¶ 7, 472–85. It is alleged that the DS84 ACU was commercially attractive to Defendants because it was less expensive and was marketed as a "cost effective ACU." *Id.* ¶ 567. Because of the alleged ACU Defect, the vehicles that contain those ACUs are allegedly "less desirable and less valuable than vehicles with properly functioning [ACUs]." *See id.* ¶ 1479.

It is alleged that Defendants have known about the ACU Defect for many years. *See id.* ¶ 1129. It is alleged that the Supplier Defendants and Vehicle Manufacturer Defendants conspired to conceal the ACU Defect so that they could maximize their profits. *See* Dkt. 477-1 ¶¶ 1603–04, 1744–45, 1876–77, 2012–13, 2143–44. It is alleged that every Vehicle Manufacturer Defendant placed misleading statements about vehicle safety, airbags, and/or seatbelts on or in at least some of their group's Class Vehicles. Dkt. 477 ¶¶ 1129–62, 1218–54. It is also alleged that the Vehicle Manufacturer Defendants made misleading advertisements. *Id.* ¶¶ 1163–1217.

It is alleged that Defendants' fraudulent statements caused financial harm to Plaintiffs by inducing them to pay more than they otherwise would have for their vehicles, or to purchase vehicles when they would not otherwise have done so. Dkt. 477-1 ¶¶ 1618–19, 1759–60, 1892–93, 2027–28, 2158–59.

## III. Settlement Agreement

### A. Class Definition

The settlement agreement between Plaintiffs and the Settling Defendants ("Settlement Agreement" or "Agreement") defines the "Class" as follows:

> [A]ll persons or entities who or which, on the date of the issuance of the Preliminary Approval Order, own or lease, or previously owned or leased, Subject Vehicles distributed for sale or lease in the United States or any of its territories or possessions. Excluded from

> this Class are: (a) Hyundai and Kia, their officers, directors, employees, and outside counsel; their affiliates and affiliates' officers, directors and employees; their distributors and distributors' officers and directors; and Hyundai's and Kia's Dealers and their officers and directors; (b) the Mobis Defendants, their officers, directors[,] employees, and outside counsel, and their affiliates and affiliates' officers, directors, and employees; (c) Settlement Class Counsel, Plaintiffs' counsel, and their employees; (d) judicial officers and their immediate family members and associated court staff assigned to this case; (e) all persons or entities who previously released their economic loss claims with respect to the issues raised in the Action in an individual settlement with Hyundai and Kia, with the Mobis Defendants, or with any of them; (f) persons or entities who or which timely and properly exclude themselves from the Class.

Settlement Agreement, Dkt. 1027-1, Ex. 1 § II.A.7.

"Subject Vehicles" are defined as "those Hyundai and Kia vehicles listed on Exhibit 2 that contain or contained ZF-TRW ACUs and were distributed for sale or lease in the United States or any of its territories or possessions." *Id.*, Ex. 1 § II.A.50. Exhibit 2 to the Settlement Agreement provides the following list:

**SUBJECT VEHICLES**

**Recalled Vehicles**

| Model Years | Make and Model |
|---|---|
| Certain 2011-2013 | Hyundai Sonata |
| Certain 2011-2012 | Hyundai Sonata Hybrid |
| 2010-2012 and certain 2013 | Kia Forte |
| 2010-2012 and certain 2013 | Kia Forte Koup |
| 2011-2012 and certain 2013 | Kia Optima |
| 2011-2012 | Kia Optima Hybrid |
| 2011-2012 | Kia Sedona |

**Unrecalled Vehicles**

| Model Years | Make and Model |
|---|---|
| Certain 2011-2013 and all 2014-2019 | Hyundai Sonata |
| Certain 2011-2012 and all 2013-2019 | Hyundai Sonata Hybrid |
| 2018-2023 | Hyundai Kona |
| 2022-2023 | Hyundai Kona N |
| 2019-2021 | Hyundai Veloster |
| Certain 2013 | Kia Forte |
| Certain 2013 | Kia Forte Koup |
| Certain 2013 and all 2014-2020 | Kia Optima |
| 2013-2016 | Kia Optima Hybrid |
| 2014 | Kia Sedona |

*Id.*, Ex. 2 at 68.

The Settlement Agreement defines "Released Parties" as follows:

> Settling Defendants, and each their past, present and future parents, predecessors, successors, spin-offs, assigns, holding companies, joint-ventures and joint-venturers, partnerships and partners, members, divisions, stockholders, bondholders, subsidiaries, related companies, affiliates, officers, directors, employees, associates, dealers, including the Hyundai and Kia Dealers, representatives, suppliers, vendors, advertisers, marketers, service providers, distributors and subdistributors, repairers, agents, attorneys, insurers, administrators and advisors. The Parties expressly acknowledge that each of the foregoing is included as a Released Party even though not identified by name herein. Notwithstanding the foregoing, "Released Parties" does not include the Excluded Parties.

*Id.*, Ex. 1 § II.A.38.

The Settlement Agreement defines "Excluded Parties" as: "other than the Released Parties, all defendants named in the Actions and each of their past, present, and future parents, predecessors, successors, spin-offs, assigns, distributors, holding companies, joint-ventures and joint-venturers, partnerships and partners, members, divisions, stockholders, bondholders, subsidiaries, affiliates, officers, directors, employees, associates, dealers, agents and related companies." *Id.*, Ex. 1 § II.A.17.

B. Relief to Class Members and Other Payments

The Settlement Agreement states that the total Settlement Amount is $62,100,100.90, which includes $13,500,000 of funds that will be held and controlled by the Settling Defendants and paid directly by the Settling Defendants to fund specified programs and expenses incurred for the benefit of the Class. Such funds will not be directly paid to Class Members as part of the regular claims process. *See id.*, Ex. 1 § II.A.41. The Settlement Fund available to satisfy Class Member claims, in accordance with the terms and procedures set forth in the Settlement Agreement, is $48,600,100.90. *Id.*, Ex. 1 § III.A.3. Combined, the $13,500,000 and $48,600,100.90 amounts total the aforementioned $62,100,100.90

The Settlement Agreement provides that the parties will establish a Qualified Settlement Fund ("QSF"), pursuant to Internal Revenue Code § 468B to be held by an escrow agent ("Escrow Agent"). *Id.*, Ex. 1 § III.A.1. The Settlement Agreement also provides that all payments to be made by the Settling Defendants pursuant to the Settlement Agreement for placement in the QSF shall be made by wire transfer into an Escrow Account, established and controlled consistent with and pursuant to an Escrow Agreement with the Escrow Agent. *Id.*

The Settlement Agreement provides that certain notice and settlement administration costs accrued prior to final approval of the Settlement will be paid by the Settling Defendants as they are accrued and invoiced. *Id.*, Ex. 1 § III.A.3. The Settlement Agreement also provides that the Settling Defendants will deposit $5,000,000 into the Escrow Account by no later than 30 days after the Preliminary Approval Order, from which the Settlement Special Administrator shall pay notice and settlement administration costs as they accrue. *Id.* The Settlement Agreement further provides that the Settling Defendants shall deposit $43,600,100.90 into the QSF no later than 14 days following entry of the Final Approval Order to fund the Settlement Fund. *Id.* Thus, the Settlement Agreement requires the Settling Defendants to transfer $48,600,100.90 in total to the Settlement Fund for the benefit of the Class.

The Settlement Agreement provides that, if the Court does not grant Final Approval, all funds remaining in the Escrow Account and the QSF shall revert to the Settling Defendants, and any funds paid into the QSF and not returned shall be credited towards any eventual settlement. *Id.* The Settlement Agreement provides that the Settlement Fund is to be used for the following purposes:

> (a) [T]o pay valid and approved claims submitted by eligible Class Members to the Out-of-Pocket Claims Process; (b) to pay notice and related costs; (c) to pay for settlement and claims administration, including expenses associated with the Settlement Special Administrator and his consultants, taxes, fees, and related costs; (d) to make residual cash payments to Class Members pursuant to Section III.C of this Agreement; (e) to pay Settlement Class Counsel's fees and expenses as the Court awards; (f) to make service award payments to individual Plaintiffs; and (g) to pay Taxes. The Settlement Fund may also be utilized for additional outreach and notice costs that the Parties jointly agree, after consulting with the Settlement Special Master, is necessary in furtherance of the terms of this Settlement.

*Id.*

1. Monetary Benefits

The Settlement Agreement provides that all Class Members may submit claims for cash compensation including "reimbursement for reasonable out-of-pocket expenses incurred to obtain a Recall repair for a Recalled Vehicle" and "residual payments of up to $350 for a Recalled Vehicle and $150 for an Unrecalled Vehicle." Dkt. 1027-1 ¶ 10. The claims period runs for 18 months from the date that final approval is entered. *Id.*, Ex. 1 § II.A.4.

The Settlement Agreement also provides that the Settlement Special Administrator[4] will oversee the administration of the out-of-pocket claims process, and render decisions on claims that are "final and not appealable." *Id.*, Ex. 1 §§ III.B.2, III.B.4, III.B.6.

The Settlement Agreement provides that the following types of reasonable expenses, documented "to the extent reasonable and practicable," are reimbursable: (a) reasonable rental car expenses for cars of a type comparable to the recalled vehicle and transportation expenses, while awaiting completion of a recall remedy; (b) reasonable towing charges for completion of recall remedies; (c) reasonable childcare expenses incurred during the time a recall remedy is performed; (d) reasonable unreimbursed out-of-pocket costs associated for the repair of ACUs; and (e) reasonable lost wages resulting from lost time from work associated with the drop-off or pickup of a vehicle to a dealer for performance of a recall remedy. *Id.*, Ex. 1 § III.B.3. No funds may be used for payment related to vehicle damage, property damage, or personal injury. *Id.*

[4] The parties have agreed to appoint Patrick Hron as the Settlement Special Administrator. *See* Dkt. 1075. The Preliminary Approval Order approved the appointment of Hron, noting his "experience in successfully administering similar automative settlements of this scale." Dkt. 1036 at 27. The additional information provided since that time confirms this conclusion.

2. Residual Distribution

The Settlement Fund is non-reversionary. Thus, none of the $48,600,100.90 will revert to the Settling Defendants if not distributed to Class Members, used to pay attorney's fees or to pay administrative costs. Dkt. 1027 at 19–20.[5] The Settlement Agreement provides that "funds that remain after all out-of-pocket expense payments and all other payments listed in Section III.A.3 have been made shall be distributed on a *per capita* basis to all Class Members who submitted out-of-pocket claims and to all Class Members who registered for a residual payment only," up to the maximum residual amounts set forth above. Dkt. 1027-1, Ex. 1 § III.C.1.

The Settlement Agreement provides that if there are any remaining funds after all valid, complete, and timely claims for out-of-pocket and residual payments and court-awarded fees and expenses are paid, the Parties anticipate a redistribution of the remaining funds to Class Members unless it is economically infeasible to do so. *Id.*, Ex. 1 § III.C.2. The Settlement Agreement provides that any minimal final balance will then be directed to *cy pres* recipients, who will be subject to court approval. *Id.* The Settlement Agreement does not designate any *cy pres* recipient organizations. *Id.* At the hearing, the parties represented that, in the event that there is a final balance subject to *cy pres* distribution under the Settlement Agreement, the parties will seek court approval of their proposed *cy pres* recipient(s).

3. Nonmonetary Benefits

a) Inspection Program

The Settlement Agreement provides that Hyundai and Kia shall institute the Settlement Inspection Program. Dkt. 1027-1, Ex. 1 § III.E.1. The protocol for the Settlement Inspection Program is described in Exhibit 3 to the Settlement Agreement. *Id.*, Ex. 3. The Settlement Inspection Program will operate for ten years, starting from the date that the Preliminary Approval Order was entered. *Id.* at 69. The Settlement Agreement provides that Hyundai and Kia will offer an inspection for Subject Vehicles that are involved in a moderate or severe frontal crash and upon notification of claim that "a ZF-TRW [ACU], seatbelt pretensioner and/or frontal airbag did not deploy as intended." *Id.* at 69–70.

The Settlement Agreement provides that, upon receipt of notice of a claim that meets the criteria above, Hyundai or Kia will inspect the Subject Vehicle as follows:

1. For Hyundai and Kia vehicles built after September 1, 2012, Hyundai or Kia will contact the then-current owner/lessee of the Subject Vehicle to request authority to:
   a. Download the Event Data Recorder data ("EDR") to the extent the EDR is accessible;

[5] As noted, the remaining $13.5 million of the Settlement Amount is held by the Settling Defendants and will be expended for the benefit of the Class as costs are incurred for the Recall Campaign and Loaner Vehicles program. This aspect of the Settlement Agreement resembles a "claims-made" settlement, where the funds "never le[ave] the defendant's coffers" and are expended by the Settling Defendants only when claims are made. 5 Newberg & Rubenstein § 15:70, Westlaw (database updated June 2025); *see also* 4 Newberg and Rubenstein on Class Actions § 13:7, Westlaw (database updated June 2025). $10 million of the remaining $13.5 million allocation is reversionary, *i.e.*, any unspent balance reverts to the Settling Defendants, as discussed below.

b. For Hyundai vehicles, perform a "GDS" Healthcheck relating to the vehicle's electrical systems;
c. For Kia vehicles, use the Kia KDS diagnostic tool to read airbag system data; and
d. Perform a visual inspection and photographically document the Subject Vehicle, including but not limited to the Subject Vehicle's damage, and, to the extent practicable, the ZF-TRW ACU's wire harness and front impact sensors.

2. For vehicles built before September 1, 2012, Hyundai or Kia will contact the then-current owner/lessee of the Subject Vehicle to request authority to:
   a. For Hyundai vehicles, perform a "GDS" Healthcheck relating to the vehicle's electrical systems;
   b. For Kia vehicles, use the Kia KDS diagnostic tool to read airbag system data; and
   c. Perform a visual inspection and photographically document the Subject Vehicle, including but not limited to the Subject Vehicle's damage, and, to the extent practicable, the ZF-TRW ACU's wire harness and front impact sensors.

3. For Hyundai vehicles built after September 1, 2012, if the inspection steps described in Paragraphs I.1.a and I.1.b, above, are not successful and/or if the data download is incomplete or does not provide coherent data, and the results otherwise are consistent with ACU failure, Hyundai will escalate the inspection to recover, with the customer's consent, the Subject Vehicle's ACU and attempt a further download.

4. For Kia vehicles built after September 1, 2012, if the inspection steps described in Paragraphs I.1.a and I.1.c, above, are not successful and/or if the data download is incomplete or does not provide coherent data, and the results otherwise are consistent with ACU failure, Kia will escalate the inspection to recover, with the customer's consent, the Subject Vehicle's ACU and attempt a further download.

5. For vehicles built before September 1, 2012, if the inspections results do not provide coherent data, and are otherwise consistent with ACU failure, Hyundai and Kia will escalate the inspection to recover, with the customer's consent, the Subject Vehicle's ACU and attempt a further download.

6. If Hyundai or Kia determines in good faith that the ACU does not communicate with the crash data retrieval tool correctly or that the ACU returned a partial or interrupted crash record or no crash record for the at-issue incident, and if Hyundai or Kia do not otherwise determine that ACU failure did not occur, with the customer's consent, the ACU will be sent to ZF-TRW with a request for further inspection. The request will specifically ask for ZF-TRW to check for diagnostic trouble codes that indicated a shutdown or reset during the crash and to measure the resistance to ground on the ACU.

*Id.* at 70–71.

The Settlement Agreement provides that, to the extent that the inspection reveals that there is an EOS condition, Hyundai or Kia shall provide the Settlement Special Master with the photographs and other

information related to the inspection. *Id.* at 71. The Settlement Special Master will be required to provide Hyundai and Kia's counsel, and Co-Lead Counsel, with a quarterly report providing the number of EOS events along with the model and model year of each such vehicle. *Id.*

b) New Parts Warranty

The Settlement Agreement provides for a warranty for all new parts installed as part of a recall for 10 years. Dkt. 1027-1, Ex. 1 § III.F.1. The New Parts Warranty covers repairs or replacement, including parts and labor, that are necessary due to a defect in a new part installed pursuant to a recall. *Id.* § III.F.2. For example, if a new part installed pursuant to a recall causes the airbag warning light to illuminate, the New Parts Warranty will cover the repair or replacement of that new part. *Id.* The New Parts Warranty will apply to Unrecalled Vehicles in the event that they are subject to a future recall. *Id.* § III.F.5.

c) Recall Campaign

The Settlement Agreement provides for an extensive recall outreach campaign to encourage Class Members to participate in open Recalls by Hyundai and Kia for the DS84 ACU Defect. Dkt. 1027 at 20. The Settlement Agreement directs the Settling Defendants to pay up to $3.5 million in expenditures for this program, with any unspent balance to be deposited in the Settlement Fund for distribution to Class Members. *Id.* (citing Dkt. 1027-1, Ex. 1 § III.G). This portion of the Settlement is, therefore, non-reversionary.

d) Loaner Vehicles

The Settlement Agreement also provides that the Settling Defendants will provide loaner vehicles, "[s]ubject to dealer availability" for Class Members who seek a recall during the claims period and request a loaner vehicle. Dkt. 1027-1, Ex. 1 § III.H.1. This benefit is available to those who own or lease Unrecalled Vehicles in the event of a future recall. *Id.* § III.H.2.

The Settlement Agreement provides that the Settling Defendants will receive a "a credit of $10,000,000.00 against the Settlement Amount for providing future loaner vehicles and future outreach programs." *Id.* § III.H.3. The Settlement Agreement, however, does not specify how any unspent funds allocated for the Loaner Vehicle program will be distributed. *Id.* At the hearing, the parties confirmed that this portion of the Settlement Agreement is reversionary. That is, any unspent funds allocated for this $10 million program will revert to the Settling Defendants, rather than the Class.

4. Fees and Payments Deducted from Settlement Fund

a) Class Representatives' Service Award

The Settlement Agreement does not state an amount that Plaintiffs will seek in service awards to Class Representatives. The Settlement Agreement states that the Settlement Fund shall be used to make service award payments to individual Plaintiffs. Dkt. 1027-1, Ex. 1 § III.A.3. As part of the Motion, Plaintiffs request service awards of $2500 for each of the 20 Hyundai-Kia Plaintiffs, for a total of $50,000 in service awards. Dkt. 1046 at 58–59.

b) Attorney's Fees Award

The Settlement Agreement does not state an amount that Class Counsel will seek in attorney's fees. As part of the Motion, Plaintiffs request a fee award of $20,093,033.30 and reasonable expenses of $400,000, which is, collectively, 33% of the total Settlement Amount of $62,100,100.90.[6] Dkt. 1046 at 15–16.

c) Third Party Administrator Costs

The Settlement Agreement provides that JND Legal Administration LLC ("JND") shall serve as the Settlement Notice Administrator, subject to approval by the Court. *Id.*, Ex. 1 § II.A.46.

JND projects that the total cost of the notice and claims administration program will range "from approximately $5.3 million to $7.2 million based on typical settlement participation rates of 5–10%". Dkt. 1046-2 ¶ 41. This is a substantial upward adjustment from the estimated costs at the preliminary approval stage, which ranged from $2,829,000 to $4,087,000, Dkt. 1027 at 21. Plaintiffs state that the estimated costs have increased due to new "data since received on potential class members from the state DMVs, and the resulting notices to be sent." Dkt. 1046 at 33 n.13. In support of the Motion, it is argued that this range is reasonable and necessary, given the size of the Class (approximately 3.7 million Subject Vehicles). *Id.* Further, Plaintiffs estimate the cost of the Settlement Special Administrator's adjudication of out-of-pocket claims will range from $200,000 to $400,000. Dkt. 1027-3 ¶ 10.

## IV. Rule 23(e) Notice

A. CAFA Notice

CAFA requires that defendants serve appropriate federal and state officials with notice of a proposed class action settlement within ten days of the filing of a motion for preliminary approval. 28 U.S.C. § 1715(b). The Preliminary Approval Motion was filed on March 17, 2025. Dkt. 1027. The CAFA Notice was sent on March 27, 2025. Dkt. 1046-2 ¶ 3. JND mailed the required notice to the United States Attorney General and to the appropriate State officials in compliance with CAFA. Dkt. *Id.*

B. Individual Notice

To effect direct notice to Class Members, JND obtained the Vehicle Identification Numbers ("VINs") for each of the Class Vehicles and contact information for the potential Class Members. *Id.* ¶ 4. The Settling Defendants provided JND with data that identified 3,729,557 unique Hyundai and Kia Class Vehicle VINs, consisting of 2,205,757 Hyundai Class Vehicles (of which, 583,384 are Recalled) and 1,523,800 Kia Class Vehicles (of which 507,587 are Recalled). *Id.* Using that data, JND worked with a third-party aggregation service to acquire vehicle registration information from the state Departments of

[6] As noted, the total Settlement Amount of $62,100,100.90 includes $13.5 million in funds that are not directly allocated to Class Members, because such funds are retained by the Settling Defendants. Further, of the $13.5 million in retained funds, $10 million are reversionary. This structure of the Settlement Agreement raised issues discussed at the hearing concerning the actual value of the fund from which the reasonableness of the fee request is evaluated. Those issues are addressed below.

Motor Vehicles ("DMVs") for all 50 states and the U.S. territories. *Id.* ¶ 5. This aggregated the contact information for all current and former owners and lessees of the Class Vehicles. *Id.* JND used this data to send individual notices to almost all, if not all, Class Members. *Id.* ¶ 6.

1. Email Notice

On June 6, 2025, JND commenced a direct email notice process to all potential Class Members for whom JND obtained a valid email address. *Id.* ¶ 9. Each Email Notice was customized with the Class Member's name and VIN, and contained the Court-approved language and a link to the Settlement Website. *Id.*

JND sent 6,070,187 Email Notices, of which 642,416 bounced back as undeliverable, which is a "typical" bounce-back rate. *Id.* ¶ 10. As described below, JND supplemented this direct email notice process by sending Postcard Notices to the 10.58% of Class Members whose Email Notices bounced back as undeliverable. *Id.* ¶ 12.

2. Direct Mail Notice

On July 16, 2025, JND commenced a direct mail notice to all potential Class Members for whom Email Notice bounced back as undeliverable or for whom an email address was not obtained. *Id.* ¶ 12. The Direct Mail campaign was completed on July 21, 2025. *Id.*

At the completion of the Direct Mail campaign, JND had sent Postcard Notices to 3,086,639 potential Class Members. Dkt. 1063-1 ¶ 4. Each Postcard Notice was customized with the Class Member's name, address, and VIN, contained the Court-approved language and provided the Settlement Website URL and a QR code linking directly to the Settlement Website. Dkt. 1046-2 ¶ 12. The Postcard Notice encouraged potential Class Members to visit the Settlement Website to get more information and then to submit their settlement claims. *Id.*

For any potential Class Member with more than 10 VINs associated with his or her name and address, JND sent a cover letter that included language from the Postcard Notice to advise the person about the elements of the process to submit a bulk claim for more than 10 Class Vehicles. *Id.* ¶ 15. At the completion of the Direct Mail campaign, JND had sent Bulk Claim Notices to 6140 potential Class Members. Dkt. 1063-1 ¶ 5.

As of September 8, 2025, JND had received 357,682 Postcard Notices returned as undeliverable, of which 29,228 were automatically forwarded by the United States Postal Service and 105,725 were re-mailed by JND to updated addresses obtained through advanced address research. *Id.* ¶¶ 6–7. JND received 1004 Bulk Claim Notices returned as undeliverable. *Id.* ¶ 6.

The direct notice campaign reached more than 96% of potential Class Members. *Id.* ¶ 8.

3. Supplemental Digital Notice

a) Digital Campaign

JND supplemented the direct notice effort with a four-week digital campaign that ran through the Google Display Network ("GDN"), Facebook and Instagram. Dkt. 1046-2 ¶ 17–18. JND created a "Custom Audience" list by matching Class Member data with first-party data collected through Gmail, YouTube and Chrome registrations, as well as Facebook and Instagram account user data. *Id.* ¶ 18. JND then targeted the Custom Audience with digital advertisements, which included an embedded link to the Settlement Website, via GDN, Facebook and Instagram. *Id.* ¶¶ 18–21. The digital advertisements resulted in a total of 23,516,304 digital impressions[7] from June 25, 2025, to July 22, 2025. Dkt. 1063-1 ¶ 11.

The supplemental digital effort served 23,516,304 impressions, which is 2,516,304 more than originally planned. *Id.*

b) Internet Search Campaign

From June 25, 2025 to July 14, 2025, an additional 11,408 digital impressions were served through an internet search campaign. Dkt. 1046-2 ¶ 23. When selected keywords and phrases related to the Settlement Agreement were searched, a paid Responsive Search Ad ("RSA") with a hyperlink would sometimes appear on the search results page. *Id.* ¶ 24. When the RSA was clicked, the visitor would be redirected to the Settlement Website. *Id.* This effort was monitored and optimized for keywords and phrases that resulted in the best click-throughs/conversions. *Id.* The Internet Search Campaign served 20,669 additional impressions in total. Dkt. 1063-1 ¶ 12.

c) Press Release

On June 25, 2025, a press release was distributed to more than 5000 media outlets nationwide. Dkt. 1046-2 ¶ 26. As of July 10, 2025, the press release was accepted more than 500 times with a potential corresponding audience of 64.2 million. *Id.*

4. Settlement Website

On April 21, 2025, JND established an interactive, case-specific Settlement Website at www.ACUSettlement.com/hyundaikia (the "Website" or "Settlement Website"). *Id.* ¶ 28. The Website provides comprehensive information about the Settlement, including answers to frequently asked questions, contact information for the Settlement Notice and Claims Administrator, key dates, including the deadlines to file a claim, request exclusion, and object, and links to important case documents, including the Long Form Notice, the Claim Form and the Settlement Agreement. *Id.*

The Website provides a VIN "lookup feature" through which potential Class Members can input their VIN to determine whether their vehicle may be eligible for compensation under the Settlement

[7] "Digital impressions" or exposures are the total number of opportunities to be exposed to a media vehicle or combined media vehicles containing a notice. Dkt. 1063-1 ¶ 11 n.1.

Agreement. *Id.* ¶ 29. In addition, the Website features an online registration/claim form that class members can use to submit claims directly, as well as a downloadable form for class members to submit claims by mail. *Id.* ¶ 30.

As of September 8, 2025, the Website logged a total of 164,787 unique users who registered 222,226 sessions. Dkt. 1063-1 ¶ 15. JND states that it will continue to update and maintain the Website throughout the settlement administration process. *Id.*

5. Additional Outreach Efforts

JND made other efforts to provide individualized assistance to class members and to respond to their questions. *First*, JND established a dedicated email address, HKinfo@ACUSettlement.com, to receive and respond to Class Member inquiries. Dkt. 1046-2 ¶ 32. This email address has received 1846 emails as of September 8, 2025. Dkt. 1063-1 ¶ 17. *Second*, JND established a 24-hour, toll-free telephone line that Class Members can call to obtain information about the Settlement. Dkt. 1046-2 ¶ 33. During business hours, JND's call center is staffed by persons who are trained to answer questions about the Settlement. *Id.* This telephone line has received 9361 calls to the toll-free telephone number and 3393 of the callers spoke with a live agent as of September 8, 2025. Dkt. 1063-1 ¶ 16. *Third*, JND established a dedicated post office box to receive Class Member correspondence, paper Claim Forms and exclusion requests. Dkt. 1046-2 ¶ 34.

6. Claims, Objections, and Opt-outs

As of September 8, 2025, with the claims period ongoing, JND has received 79,674 Claim Forms, of which 79,414 were submitted electronically online and 260 were submitted by postal mail. Dkt. 1063-1 ¶ 19. JND continues to receive and process Claim Form submissions and will continue to report to Counsel on the status of the claim intake and review. *Id.* ¶ 20. The currently anticipated claim filing deadline is March 29, 2027, subject to change depending on whether the Settlement Agreement is approved, and if so, when it is approved. *Id.* ¶ 21.

The deadline for submitting an objection or a request for exclusion was August 25, 2025. *Id.* ¶ 22. As of September 8, 2025, JND had received three objections. *Id.* As of September 8, 2025, JND had received 97 requests for exclusion, of which 68 were timely and valid. *Id.* ¶ 23. Of the timely but deficient requests for exclusion, the most common deficiency was the lack of a valid VIN or date of purchase/lease. *Id.* JND will consult with the Parties as to these requests for exclusion. *Id.*

As noted, the direct notice effort alone reached more than 96% of potential Class Members. *Id.* ¶ 24. The supplemental digital effort, internet search campaign and distribution of a press release added to those efforts. *Id.*

## V. Analysis

A. Class Certification

The Preliminary Approval Order analyzed whether conditional certification of the Settlement Class was appropriate. Dkt. 1036 at 11–16. That analysis, which is incorporated by this reference, was the basis

for granting conditional certification of the Settlement Class. The underlying circumstances and evidence supporting class certification has not changed since the Preliminary Approval Order. *See* Dkt. 1046 at 34–40. Accordingly, the analysis and determinations made in the Preliminary Approval Order remain applicable and are adhered to in this Order. The Settlement Class is **CERTIFIED** and the Motion is **GRANTED** as to certification of the Settlement Class.

B. Final Approval of the Settlement Agreement

1. Legal Standards

Rule 23(e) requires a two-step process in considering whether to approve the settlement of a class action. Fed. R. Civ. P. 23(e). *First*, in the preliminary approval process, a court must make a preliminary determination as to whether the proposed settlement "is fundamentally fair, adequate, and reasonable." *Acosta v. Trans Union, LLC*, 243 F.R.D. 377, 386 (C.D. Cal. 2007) (quoting *Staton v. Boeing Co.*, 327 F.3d 938, 952 (9th Cir. 2003)). At this stage, "the settlement need only be *potentially fair* . . . ." *Id.*

*Second,* if preliminary approval is granted, class members are notified and invited to make any objections. Upon reviewing the results of that notification, a court makes a final determination as to whether an agreement is "fundamentally fair, adequate, and reasonable." *Nat'l Rural Telecomms. Coop. v. DIRECTV, Inc.*, 221 F.R.D. 523, 525 (C.D. Cal. 2004).

In evaluating fairness, a court must consider "the fairness of a settlement as a whole, rather than assessing its individual components." *Lane v. Facebook, Inc.*, 696 F.3d 811, 818–19 (9th Cir. 2012). A court is to consider and evaluate several factors as part of its assessment of a proposed settlement. The following non-exclusive factors, which originally were described in *Hanlon v. Chrysler Corp.*, 150 F.3d 1011 (9th Cir. 1998), *overruled on other grounds by Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338 (2011), are among those that may be considered during both the preliminary and final approval processes:

(1) the strength of the plaintiff's case;
(2) the risk, expense, complexity, and likely duration of further litigation;
(3) the amount offered in settlement;
(4) the extent of discovery completed and the stage of the proceedings;
(5) the experience and views of counsel;
(6) any evidence of collusion between the parties; and
(7) the reaction of the class members to the proposed settlement.

*See In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d 454, 458–60 (9th Cir. 2000).

Each factor does not necessarily apply to every settlement, and other factors may be considered. For example, courts often consider whether the settlement is the product of arms-length negotiations. *See Rodriguez v. West Publ'g Corp.*, 563 F.3d 948, 965 (9th Cir. 2009) ("We put a good deal of stock in the product of an arms-length, non-collusive, negotiated resolution . . . ."). As noted, in determining whether preliminary approval is warranted, a court is to decide whether the proposed settlement has the potential to be deemed fair, reasonable and adequate in the final approval process. *Acosta*, 243 F.R.D. at 386.

The 2018 amendments to Fed. R. Civ. P. 23(e) provide further guidance as to the requisite considerations in evaluating whether a proposed settlement is fair, reasonable and adequate. A court must consider whether:

> (A) the class representatives and class counsel have adequately represented the class;
> (B) the proposal was negotiated at arm's length;
> (C) the relief provided for the class is adequate, taking into account:
> (i) the costs, risks, and delay of trial and appeal;
> (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims;
> (iii) the terms of any proposed award of attorney's fees, including timing of payment; and
> (iv) any agreement required to be identified under Rule 23(e)(3);[8] and
> (D) the proposal treats class members equitably relative to each other.

Fed. R. Civ. P. 23(e)(2).

The factors set forth in Fed. R. Civ. P. 23(e) distill the considerations historically used by federal courts to evaluate class action settlements. *See id.* As the comments of the Advisory Committee explain, "[t]he goal of [the] amendment [was] not to displace any factor" that would have been relevant prior to the amendment, but rather to address inconsistent "vocabulary" that had arisen among the circuits and "to focus the court and the lawyers on the core concerns" of the fairness inquiry. Fed. R. Civ. P. 23(e) advisory committee's note to 2018 amendment.

2. Application

The Preliminary Approval Order addressed, based on the then-available information, the relevant factors under *Hanlon* and Rule 23(e). Dkt. 1036 at 18–21. That analysis, which is incorporated by this reference, was the basis for granting preliminary approval of the Settlement Agreement.

The application of the *Hanlon* and Rule 23(e) factors have not changed substantially since the issuance of the Preliminary Approval Order. Dkt. 1046 at 22–34. However, the Preliminary Approval Order did not address the fact that the $10 million Loaner Vehicle Program is reversionary. Because this issue is relevant to the application of the *Hanlon* and Rule 23(e) factors, it must be addressed before final approval is granted.

A "reversion clause directs unclaimed portions of a settlement fund . . . to be paid back to the defendant." *In re Volkswagen "Clean Diesel" Mktg., Sales Practices, & Prods. Liab. Litig.*, 895 F.3d 597, 611 (9th Cir. 2018). Reversionary provisions in class action settlements are disfavored because they often "benefit both defendants and class counsel," thereby "rais[ing] the specter of their collusion, by (1) reducing the actual amount defendants are on the hook for . . . and (2) giving counsel an inflated common-fund value against which to base a fee motion." *Id.* at 612. However, reversionary benefits are not "per se forbidden." *Id.* Indeed, "in some cases, the reversionary clause may provide articulable

[8] Fed. R. Civ. P. 23(e)(3) provides that "[t]he parties seeking approval must file a statement identifying any agreement made in connection with the proposal."

benefits to the class, and any concerns about perverse incentives or collusion may be ameliorated by other aspects of the settlement." *Roes, 1-2 v. SFBSC Mgmt., LLC*, 944 F.3d 1035, 1059 (9th Cir. 2019). Rather, where a settlement allocates unclaimed portions of a fund to a defendant, rather than the class, the settlement may still be approved as long as the district court "explain[s] why the reversionary component of a settlement negotiated before certification is consistent with proper dealing by class counsel and defendants." *In re Volkswagen*, 895 F.3d at 612.

Under the Settlement Agreement, the $10,000,000 Loaner Vehicle Program is reversionary insofar as any unspent funds allocated to this program will be retained by the Settling Defendants. However, this feature of the Loaner Vehicle Program, when viewed in the broader context of the Settlement Agreement as a whole, does not disturb the conclusion reached in the Preliminary Approval Order that the Settlement Agreement is fair, reasonable, and adequate.

The evidence reflects that a substantial portion of the $10 million allocated by the Settling Defendants to the Loaner Vehicle Program will very likely inure to the benefit of Class Members, rather than revert to the Settling Defendants. According to the Declaration of Lance A. Etcheverry, Settling Defendants' counsel, the Hyundai-Kia Defendants have already incurred $2.9 million in costs associated with providing loaner vehicles related to Recalled Vehicles. Dkt. 1031-1 ¶ 4. Moreover, because the Settling Defendants have not advertised the availability of loaner and rental vehicles, the number of Class Members who have currently made use of the Loaner Vehicle Program is lower than the numbers expected in the future once the Recall Campaign is initiated -- when Class Members will be notified of their right to rental or loaner vehicles during the Recall Campaign. *Id.* Finally, based on the average loaner vehicle cost, the Settling Defendants estimate that the $10 million allocation will be fully utilized by Class Members even if only 2.5% of Unrecalled Vehicles claim the loaner vehicle benefit in the event of a future recall, which would cost $11.9 million in total. *Id.* ¶ 5.

The substantial "incentives for class members to participate," the "actual trend in class member participation," and the Hyundai-Kia Defendants' commitment to the Program -- as shown by the fact that they have already spent nearly a third of the funds allocated thereto for the benefit of the Class -- demonstrate that the reversionary aspect of the Settlement Agreement does not, "in design or in effect," allow the Settling Defendants to recoup a large fraction of the $10 million allocated to the Program. *In re Volkswagen*, 895 F.3d at 612 ("The incentives for class members to participate in the settlement, the complementary inducement for Volkswagen to encourage them to participate, the value of the claims, and the actual trend in class member participation all indicate that the reversion clause did not, in design or in effect, allow VW to recoup a large fraction of the funding pool."). Accordingly, because the Loaner Vehicle Program is likely to result in substantial benefit to Class Members, notwithstanding the possibility of reversion, this aspect of the Settlement Agreement is consistent with proper dealing between class counsel and the Hyundai-Kia Defendants. Moreover, evaluated in total, the Settlement Agreement -- which provides $48.6 million in the common fund and $3.5 million in nonreversionary funds for the Recall Campaign, which is collectively $52.1 million in total nonreversionary funds, as well as nonmonetary benefits valued at more than $13 million, as later discussed -- provides substantial benefit to the Class and reflects proper, arms-length dealing, consistent with the determinations made in the Preliminary Approval Order.

There are several other new issues and circumstances that have arisen since the issuance of the Preliminary Approval Order that bear on the fairness, reasonableness, and adequacy of the Settlement Agreement.

*First*, the estimated costs of administering the settlement have increased substantially since preliminary approval. JND now projects that the total cost of the notice and claims administration program will range "from approximately $5.3 million to $7.2 million based on typical settlement participation rates of 5–10%". Dkt. 1046-2 ¶ 41. This is a substantial upward adjustment from the estimated costs at the preliminary approval stage, which ranged from $2,829,000 to $4,087,000. Dkt. 1036 at 6–7. In their briefing, Plaintiffs explain that the cost increase is the result of new "data since received on potential class members from the state DMVs, and the resulting notices to be sent." Dkt. 1046 at 33 n.13.

At the hearing, Class Counsel represented that such an increase is typical and unavoidable in class action settlements of this scope because the initial cost estimates by the third-party administrator are based on preliminary information as to the scope of the class, which can only be finalized later in the process. Class Counsel also stated that JND was selected after a competitive bidding process. Class Counsel represented that, based on the more complete information now available as to the scope and nature of administrative costs, they are not likely to exceed the $7.2 million ceiling. Further, the parties both represented that they worked carefully to select the best administrator, rather than the least expensive one, to ensure that notice was effective and that Class Members could obtain the benefits of the Settlement Agreement completely and promptly.

Although the increase in administrative costs predicted is substantial, this issue does not change the ultimate conclusion that the Settlement Agreement is fair, reasonable, and adequate under the circumstances. Because the parties have proffered a sufficient explanation for these unanticipated cost increases, the Settlement Agreement remains reasonable. *See, e.g.*, *Perez v. DirecTV Grp. Holdings, LLC*, No. 16-cv-1440, 2023 WL 1931376, at *6 (C.D. Cal. Jan. 23, 2023) (approving an increased award of administration costs that deviated from the preliminarily approved settlement but was reasonable in light of unforeseen costs in administering settlement).

*Second*, Plaintiffs offer new evidence and argument in support of the reasonableness of the Settlement Agreement. In support of the Motion, Plaintiffs submit the declaration of Kirk D. Kleckner ("Kleckner Decl." (Dkt. 1046-3)). Kleckner, a retired Certified Public Accountant and professional appraiser, was retained by Class Counsel to assess the economic value of the New Parts Warranty for Recalled and Unrecalled Vehicles provided by the Settlement Agreement. Dkt. 1046-3 at 2–3. Kleckner opines that the New Parts Warranty for Recalled Vehicles is worth $13.6 million, and that the New Parts Warranty for Unrecalled Vehicles is worth $50.5 million. *Id.* at 3. Kleckner's testimony, which is reliable and probative, provides additional support for the prior determination that the Settlement Agreement's nonmonetary benefits provide substantial benefits to Class Members. Dkt. 1036 at 20; *see also* Dkt. 1046 at 18 (collecting cases in which Kleckner's warranty valuations have been credited by courts). This also has a bearing on the attorney's fees analysis, which is discussed below.

*Third*, since JND has initiated the notice process, the reaction of Settlement Class Members to the proposed Settlement Agreement may now be considered in evaluating whether it is fair and appropriate.

Of the 79,674 Claim Forms that have been received, JND is aware of only three objections. Dkt. 1063-1 ¶¶ 19, 22. Further, as of September 8, 2025, JND has only received 97 requests for exclusion, of which only 68 were timely and valid. *Id.* ¶ 23.

"The negligible number of opt-outs and objections indicates that the class generally approves of the settlement." *In re Toys R Us-Delaware, Inc.—Fair & Accurate Credit Transactions Act (FACTA) Litig.*, 295 F.R.D. 438, 456 (C.D. Cal. 2014) (collecting cases); *see also In re Omnivision Techs., Inc.*, 559 F. Supp. 2d 1036, 1043 (N.D. Cal. 2008) ("It is established that the absence of a large number of objections to a proposed class action settlement raises a strong presumption that the terms of a proposed class settlement action are favorable to the class members." (quoting *Nat'l Rural Telecomms. Coop.*, 221 F.R.D. at 528–29)); *Kearney v. Hyundai Motor Am.*, No. 09-cv-1298, 2013 WL 3287996, at *7 (C.D. Cal. June 28, 2013) (stating that 16 objections and 179 requests for exclusion out of 646,734 recipients of notice were "infinitesimal" figures).

In addition, the three objections received from Class Members do not demonstrate that the Settlement Agreement is fundamentally unfair or unreasonable. *See* Dkt. 1051 (Objection from Joel Kolander); Dkt. 1063 at 16 (Objection from Eve-Blue); Dkt. 1063 at 18–19 (Objection from Steven Saunder). Accordingly, these objections are **OVERRULED**.

*First*, each objection raises concerns about Class Members' ability to recover damages for personal injuries arising out of a Defective ACU. Dkt. 1051 at 1 ("Should my airbag be or become defective, $150 will . . . no[t] cover medical costs should I experience injury . . . ."); Dkt. 1063 at 16 ("If someone is in [an] accident where the airbag fails to deploy due to this faulty part . . . the company who made the part should bear all medical expenses, aftercare expenses, lost wages, etc., that result from that injury."); Dkt. 1063 at 18 ("Offering a maximum of $150–$350 in exchange for waiving future liability is wholly insufficient given the potential for catastrophic injury or death.").

This objection lacks force. The Settlement Agreement expressly states that Class Members "are not releasing and are expressly reserving all rights" related to "personal injury, wrongful death, or actual physical property damage arising from an incident involving a Subject Vehicle, including the deployment or non-deployment of an airbag." Dkt. 1027-1, Ex. 1 § VII.D. Accordingly, the Settlement Agreement does not release or otherwise limit recovery by Class Members for personal injuries caused by the alleged defects that are at issue in this matter.

*Second*, Kolander and Eve-Blue argue that the residual benefits for Class Members with Unrecalled Vehicles are insufficient to pay for ACU replacements. Dkt. 1051 at 1 ("Should my airbag be or become defective, $150 will [not] cover the cost of replacing/repairing the airbag . . . ."); Dkt. 1063 at 16 ("$150 wouldn't be enough to replace the faulty part."). Saunders similarly argues that the Settlement Agreement does not "adequately address the long-term implications of the defect, particularly for unrecalled vehicles . . . ." Dkt. 1063 at 18. However, "[i]t is well-settled law that a cash settlement amounting to only a fraction of the potential recovery will not per se render the settlement inadequate or unfair." *Officers for Just. v. Civ. Serv. Comm'n of City & Cnty. of San Francisco*, 688 F.2d 615, 628 (9th Cir. 1982). "Estimates of a fair settlement figure are tempered by factors such as the risk of losing at trial, the expense of litigating the case, and the expected delay in recovery (often measured in years)." *In re Toys "R" Us-Delaware,* 295 F.R.D. at 453.

As stated in the Preliminary Approval Order, the "significant risks of continued litigation" for the Hyundai-Kia Class makes the substantial monetary and nonmonetary benefits provided by the Settlement Agreement reasonable and fair to Class Members -- even if these benefits fall short of the benefits that might be provided by a National Highway Traffic Safety Administration ("NHTSA") recall. Dkt. 1036 at 20. Moreover, Class Members with Unrecalled Vehicles will be entitled to additional, recall-related benefits in the future should Hyundai or Kia recall more vehicles due to the ACU Defect. Dkt. 1046 at 30–31 (citing Dkt. 1027, Ex. 1 §§ III.B.1, III.F.5). Finally, the Settlement Agreement includes the enhanced Settlement Inspection Program, which will operate for 10 years. This addresses the safety-related concerns and request for a recall of Kolander and Eve-Blue, as well as the "long-term" implications of the defect raised by Saunders. Thus, the Program requires extensive investigation and documentation of incidents, which will inform a potential decision by NHTSA to initiate a new recall in the event of future defects, with that recall potentially applying to the vehicles of persons like Kolander, Eve-Blue, and Saunders.

*Third*, Saunders objects to the amount of the request for attorney's fees by Class Counsel. Dkt. 1063 at 18 ("The proposed allocation of over $20 million in attorney fees—nearly one-third of the total $62.1 million fund—is disproportionate to the compensation offered to class members. Most consumers will receive only a fraction of that amount, while legal counsel receives a windfall. This imbalance undermines the integrity of the settlement and suggests that the interests of the class were not adequately prioritized."). This objection is also unpersuasive. For the reasons stated below, the requested attorney's fee award is reasonable in relation to the overall result and benefit to the Class Members in monetary and nonmonetary terms, the six-year pendency of this action, and the risks incurred by Class Counsel in pursuing the litigation on a contingency basis. *See Banh v. Am. Honda Motor Co., Inc.*, No. 19-cv-05984, 2021 WL 3468113, at *7 (C. D. Cal. June 3, 2021) ("[I]t is the complete package taken as a whole . . . that must be examined for overall fairness." (quoting *Nat'l Rural Telecomms. Coop.*, 221 F.R.D. at 527)); *Grey Fox, LLC v. Plains All-Am. Pipeline, L.P.*, No. 16-cv-03157, 2024 WL 4267431, at *4 (C.D. Cal. Sept. 17, 2024) ("A 33% award . . . aligns with cases of similar complexity and lengthy litigation history.").

Therefore, the three objections by Class Members are **OVERRULED**.

* * *

For the foregoing reasons, the Settlement Agreement is **APPROVED** pursuant to Rule 23(e) because it is fair, reasonable, and adequate in light of the relevant factors. Therefore, the Motion is **GRANTED** as to final approval of the Settlement Agreement.

C. Service Awards

1. Legal Standards

"[N]amed plaintiffs . . . are eligible for reasonable incentive payments." *Staton*, 327 F.3d at 977. To determine the reasonableness of incentive awards, the following factors may be considered:

1) the risk to the class representative in commencing suit, both financial and otherwise;
2) the notoriety and personal difficulties encountered by the class representative;

3) the amount of time and effort spent by the class representative;
4) the duration of the litigation and;
5) the personal benefit (or lack thereof) enjoyed by the class representative as a result of the litigation.

*Van Vranken v. Atl. Richfield Co.*, 901 F. Supp. 294, 299 (N.D. Cal. 1995).

2. Application

Plaintiffs request service awards of $2500 for each of the 20 Settlement Class Representatives. Dkt. 1046 at 58. The Preliminary Approval Order analyzed whether these awards were appropriate in light of the relevant factors. Dkt. 1036 at 21–22. It concluded that service awards in the amount of $2500 were reasonable, but stated that this determination would be subject to de novo review in connection with a motion for final approval. *Id.* at 22.

Since that time, there have been no material changes that would affect the analysis in the Preliminary Approval Order. *See* Dkt. 1046 at 58–59. Plaintiffs state that each of the Settlement Class Representatives spent at least 30 hours on this litigation and that each has demonstrated commitment to investigating and prosecuting this case on behalf of the Class over the past six years. *Id.* Therefore, for the reasons stated in the Preliminary Approval Order, an incentive award of $2500 to each of the Hyundai-Kia Plaintiffs is appropriate and this request is **APPROVED**. Therefore, the Motion is **GRANTED** as to the request for service awards.

D. Attorney's Fees and Costs

1. Legal Standards

Attorney's fees and costs "may be awarded . . . where so authorized by law or the parties' agreement." *In re Bluetooth Headset Prods. Liab. Litig.*, 654 F.3d 935, 941 (9th Cir. 2011). However, "courts have an independent obligation to ensure that the award, like the settlement itself, is reasonable, even if the parties have already agreed to an amount." *Id.* "If fees are unreasonably high, the likelihood is that the defendant obtained an economically beneficial concession with regard to the merits provisions, in the form of lower monetary payments to class members or less injunctive relief for the class than could otherwise have [been] obtained." *Staton*, 327 F.3d at 964. Thus, a district court must "assure itself that the fees awarded in the agreement were not unreasonably high, so as to ensure that the class members' interests were not compromised in favor of those of class counsel." *Id.* at 965.

District courts have discretion to choose between a lodestar method and the percentage method to evaluate the reasonableness of a request for an award of attorney's fees in a class action. *In re Mercury Interactive Corp. Sec. Litig.*, 618 F.3d 988, 992 (9th Cir. 2010). A court may also choose one method and then perform a cross-check with the other. *See, e.g.*, *Staton*, 327 F.3d at 973.

When using the percentage method, a court examines what percentage of the total recovery is allocated to attorney's fees. *See Hanlon*, 150 F.3d at 1029. Usually, the Ninth Circuit applies a "benchmark award" of 25%. *Id.* at 968. However, awards adjusted upward from the benchmark have been approved. *See Paul, Johnson, Alston & Hunt v. Graulty*, 886 F.2d 268, 272 (9th Cir. 1989)

("Ordinarily, . . . fee awards [in common fund cases] range from 20 percent to 30 percent of the fund created."). The "benchmark percentage should be adjusted, or replaced by a lodestar calculation, when special circumstances indicate that the percentage recovery would be either too small or too large in light of the hours devoted to the case or other relevant factors." *Six (6) Mexican Workers v. Ariz. Citrus Growers*, 904 F.2d 1301, 1311 (9th Cir. 1990). These factors include: "(1) the results achieved; (2) the risks of litigation; (3) the skill required and the quality of work; (4) the contingent nature of the fee; (5) the burdens carried by class counsel; and (6) the awards made in similar cases." *Schroeder v. Envoy Air, Inc.*, No. 16-cv-4911, 2019 WL 2000578, at *7 (C.D. Cal. May 6, 2019) (quoting *Martin v. Ameripride Servs., Inc.*, No. 08-cv-440, 2011 WL 2313604, at *8 (S.D. Cal. June 9, 2011)).

"The lodestar figure is calculated by multiplying the number of hours the prevailing party reasonably expended on the litigation (as supported by adequate documentation) by a reasonable hourly rate for the region and for the experience of the lawyer." *In re Bluetooth Headset*, 654 F.3d at 941. After the lodestar amount is determined, a trial court "may adjust the lodestar upward or downward using a 'multiplier' based on factors not subsumed in the initial calculation of the lodestar." *Van Gerwen v. Guarantee Mut. Life Co.*, 214 F.3d 1041, 1045 (9th Cir. 2000). Such factors "includ[e] the quality of representation, the benefit obtained for the class, the complexity and novelty of the issues presented, and the risk of nonpayment." *Stetson v. Grissom*, 821 F.3d 1157, 1166–67 (9th Cir. 2016) (quoting *In re Bluetooth Headset*, 654 F.3d at 941–42). A "district court *must* apply a risk multiplier to the lodestar 'when (1) attorneys take a case with the expectation they will receive a risk enhancement if they prevail, (2) their hourly rate does not reflect that risk, and (3) there is evidence the case was risky.' " *Stanger v. China Elec. Motor, Inc.*, 812 F.3d 734, 741 (9th Cir. 2016) (quoting *Fischel v. Equitable Life Assur. Soc'y of U.S.*, 307 F.3d 997, 1008 (9th Cir. 2002)).

2. Application

In support of the Preliminary Approval Motion, Class Counsel stated that they anticipated filing a request for an attorney's fee award of up to 33% of the $62.1 million Settlement Amount, *i.e.*, an award of approximately $20.5 million. Dkt. 1027-1 ¶¶ 12–13. The Preliminary Approval Order analyzed this request with respect to both the percentage and lodestar methods. *See* Dkt. 1036 at 24–26. *First*, with respect to the percentage method, the Preliminary Approval Order determined that the requested award was potentially warranted in light of the favorable results achieved for the Class and the significant risks taken by Class Counsel in pursuing this litigation on a contingency basis. *Id.* at 24. *Second*, with respect to the lodestar method, the Preliminary Approval Order determined that the hours and hourly rates of Class Counsel appeared reasonable, subject to further review. *Id.* at 25–26. Based on these considerations, the Preliminary Approval Order concluded that an award in the range of $18,000,000 to $20,500,000 was reasonable. *Id.* at 26. Class Counsel were ordered to file further briefing and evidence to resolve remaining issues relating to the award, including the total benefit of the settlement and the reasonableness of their hourly rates. *Id.*

Class Counsel now request a fee award of $20,093,033.30 and an award of litigation expenses of $400,000. Dkt. 1046 at 16. The Joint Declaration of Class Plaintiffs' Co-Lead Counsel states that the current adjusted lodestar attributable to the Settling Defendants, as of March 31, 2025, is $10,101,168.46 (the "Joint Declaration"). Dkt. 1046-1 ¶ 21. Accordingly, using the current lodestar, the lodestar multiplier in the requested fee is 1.99. However, the Joint Declaration further states that additional work will be required, which is anticipated to result in an additional $375,000 in lodestar fees.

*Id.* ¶ 21. This estimated additional work would bring the total lodestar to $10,476,168.48, with a multiplier of 1.92. *Id.* In support of the request, Class Counsel has provided documentation of their hourly rates and hours worked in connection with this matter. *See* Dkt. 1046-1 at 16–80.

a) Percentage Approach

The request for attorney's fees request represents 32.4% of the total $62.1 million Settlement Amount. However, as discussed, the Settlement Amount includes both $10 million in reversionary benefits under the Loaner Vehicle Program and $52.1 million in nonreversionary monetary benefits.

In determining the size of the fund against which the percentage approach is applied, "courts must consider the actual or realistically anticipated benefit to the class—not the maximum or hypothetical amount—in assessing the value of a class action settlement." *Lowery v. Rhapsody Int'l, Inc.*, 75 F.4th 985, 992 (9th Cir. 2023). "Any other approach would allow parties to concoct a high phantom settlement cap to justify excessive fees, even though class members receive nothing close to that amount. District courts have the responsibility to guard against such an outcome." *Id.*

As discussed, the actual, anticipated benefit of the Loaner Vehicle Program is $10 million, notwithstanding the possibility of reversion, based on the substantial "incentives for class members to participate," the "actual trend in class member participation," and the Settling Defendants' commitment to the Program. *See In re Volkswagen*, 895 F.3d at 612. It is unlikely that the Settling Defendants will "recoup a large fraction of" this pool of funds. *Id.* Accordingly, because these benefits are "realistically anticipated" to flow to the Class, the entire $10 million reversionary benefit under the Loaner Vehicle Program may be considered as part of the fund to which the percentage approach is applied. *Lowery*, 75 F.4th at 992.[9]

Moreover, Plaintiffs argue that attorney's fees should be calculated based on an additional $13.6 million in economic value to the Class arising from the New Parts Warranty. Dkt. 1046 at 43. Under the New Parts Warranty, the Settling Defendants have agreed to extend by 10 years from the date of the Preliminary Approval Order, the warranty for any new parts installed pursuant to recalls. Dkt. 1027, Ex. 1 § III.F. Plaintiffs argue that the $13.6 million in additional nonmonetary benefit of the New Parts Warranty is a "conservative[]" estimate because it does not include the additional, potential value attributed to the extended warranty for Unrecalled Vehicles in the event of future recalls, which is valuated at $50.5 million. Dkt. 1046 at 45.

Plaintiffs' arguments are persuasive. The Kleckner Declaration proffers sufficient evidence to conclude that the New Parts Warranty provides at least $13.6 million in additional value to the Class, and up to $50.5 million in potential future value to the Class in the event that Unrecalled Vehicles are subject to future recalls. *See generally* Dkt. 1046-3. Kleckner's warranty valuations have already been endorsed

[9] As noted, the Settling Defendants have already spent $2.9 million of the $10 million allocated to the Loaner Vehicle Program. Dkt. 1031-1 ¶ 4. Even if it were assumed that the Settling Defendants did not spend any additional funds on loaner vehicles, the total, nonreversionary monetary value of the Settlement Agreement would still be approximately $55 million, of which Plaintiffs are seeking 36.5% in attorney's fees. Even that percentage is within the range that courts have approved. *See, e.g.*, *Kryzhanovskiy v. Amazon.com Servs., Inc.*, No. 21-cv-01292, 2024 WL 1241721, at *19 (E.D. Cal. Mar. 22, 2024) (collecting cases involving fees of 33% to 40% of the common fund).

in this litigation, as well as by other courts addressing comparable automative class action settlements. *See* Dkt. 843 at 18–19 (considering Kleckner's opinions in evaluating the value of the Toyota settlement); *In re Toyota Motor Corp. Unintended Acceleration Mktg., Sales Practices, & Prods. Liab. Litig.*, No. 10-ml-2151, 2013 WL 12327929, at *9 n.10 (C.D. Cal. July 24, 2013) (Kleckner's warranty valuation was "both reliable and relevant").

The ascertainable value of these nonmonetary benefits may also be considered in evaluating the reasonableness of the requested fee award. *See, e.g.*, *Staton*, 327 F.3d at 974 ("We hold, therefore, that only in the unusual instance where the value to individual class members of benefits deriving from injunctive relief can be accurately ascertained may courts include such relief as part of the value of a common fund for purposes of applying the percentage method of determining fees."); *Etter v. Thetford Corp.*, No. 14-cv-6759, 2016 WL 11745096, at *17 (C.D. Cal. Oct. 24, 2016) (considering the monetary value of a warranty in assessing reasonableness of fees).

It is significant that "the reasonableness of attorneys' fees is not measured by the choice of the denominator." *Powers v. Eichen*, 229 F.3d 1249, 1258 (9th Cir. 2000). Rather, what matters is that "the end result is reasonable." *Id.* Here, the end result is reasonable. Although the percentage requested by Plaintiffs exceeds the 25% benchmark, a substantial upward adjustment is warranted in light of the effective representation by Class Counsel over a six-year period, the significant monetary and nonmonetary benefits achieved for the Class through the settlement, and the financial risk incurred by Class Counsel in prosecuting this action. *See* Dkt. 1036 at 24. Therefore, whether the fee award represents 32.4% of the $62.1 million Settlement Amount -- inclusive of the reversionary monetary benefits and as calculated in the Preliminary Approval Order -- or 26.5% of the $75.7 million value proffered through the Motion, which includes the $13.6 million in additional nonmonetary warranty-related benefits to the Class, but not the $50.5 million in potential future value, the requested fee award is reasonable under the percentage method.

b) Lodestar Cross-Check

The estimated total lodestar reasonably associated with Hyundai and Kia is $10,101,168.46. Dkt. 1046 at 49. Including anticipated future work to implement and protect the Settlement Agreement through the Claims Period, Settlement Class Counsel expects that the final lodestar attributable to the Settling Defendants will be $10,476,168.48. *Id.* at 49–50.

The Preliminary Approval Order found that the hours charged appeared generally reasonable. Dkt. 1036 at 26. The Preliminary Approval Order also found that, because the hourly rates of Class Counsel were capped by the Court's Order re Protocol for Common Benefit Work and Expenses (the "CBO"), those rates were reasonable. *Id.*

In connection with the Motion, Class Counsel have provided additional evidence to seek to establish that their rates are fair in light of the experience of counsel as well as the amounts charged by other counsel who have performed similar work in class action matters in this District and Circuit. *See* Dkt. 1046 at 51–54.

Class Counsel declares that they have "ensured the reasonable, effective, and efficient prosecution of this litigation and the Hyundai-Kia Plaintiffs' Claims." Dkt. 1046-1 ¶ 15. Counsel further declare that they

have "encouraged the attorneys working on this matter to perform assignments efficiently . . . [which] has saved time spent on the litigation overall." *Id.* As stated in the Joint Declaration:

> Participating Counsel expended significant hours on Pleadings, Briefs, and Legal Research. This includes, among other things: (1) investigating, researching and drafting a 500+ page Consolidated Amended Complaint and a 1,300+ page Amended Consolidated Class Action Complaint; and (2) analyzing, researching, and drafting complex motion to dismiss briefing, as well as the settlement approval briefing. All of this was essential to informing the strengths and weaknesses of the Hyundai-Kia Plaintiffs' claims, and critical to the success of the case.

*Id.* ¶ 26.

Counsel further declare that Discovery and Document Review "comprise[d] a significant portion of the total hours billed," as Defendants "collectively produced many millions of pages of documents in this MDL," including approximately 250,000 pages of documents from the Settling Defendants, which required careful review, analysis and coding. *Id.* ¶¶ 27–28.

Plaintiffs have also submitted the "2023 Real Rate Report" (the "Report") to support the reasonableness of the hourly rates of Class Counsel. *See* Dkt. 1046 at 53–54. The Report is based on data collected through Q2 of 2023 and reflects hourly rates for litigation attorneys in Los Angeles. Dkt. 1046-1 ¶ 31. The Report found that hourly rates for litigation partners in Los Angeles range from $525 to $1159, with a median hourly rate of $840. Dkt. 1046-1 at 87. For associates, hourly rates range from $431 to $880 per hour, with a mean hourly rate of $680. *Id.* Here, the CBO imposed the following limitations on hourly rates for Participating Counsel: $895/hour for partners; $350–$600/hour for associates; $415/hour for document review attorneys; and $175–$275/hour for paralegals and assistants. Dkt. 111 at 6. Given the skill and experience of Settlement Class Counsel, these capped billing rates are reasonable and aligned with prevailing market rates.

Accepting Class Counsel's lodestar, and including Class Counsel's anticipated future hours, the requested fee award results in a multiplier of 1.92. If the anticipated future hours are not included, the multiplier would be 1.99. This multiplier is within the range of multipliers allowed by courts in this District. *See, e.g.*, *Steiner v. Am. Broad. Co.*, 248 Fed. App'x 780, 783 (9th Cir. 2007) (approving a multiplier of 6.85); *Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1051 & n.6 (9th Cir. 2002) (approving a multiplier of 3.65 and collecting cases in which multipliers from .6 to 19.6 were approved). Therefore, Class Counsel's fee request based on the lodestar method, with a maximum multiplier of 1.99, is reasonable.

c) Costs

As discussed, Settlement Class Counsel seek reimbursement of $400,000 in litigation expenses. This includes $389,814.63 in costs already incurred for the benefit of the Class, as well as $10,185.37 in projected future costs. Dkt. 1046-1 ¶¶ 32–33. In support of this request, Counsel has included a table that shows the incurred expenses by the categories enumerated in Exhibit B to the CBO. *Id.* ¶ 33. Counsel declares that a significant cost was eDiscovery services and document processing ($118,271.11). *Id.* ¶ 34. Counsel further states that Settlement Class Counsel incurred additional material expenses for experts, which was necessary given the technical nature of the ACU Defect at

issue in this litigation. *Id.* ¶ 35. Counsel also states that the experts' involvement was critical to the litigation and its resolution. *Id.* In light of the complex nature of this litigation, the volume of materials at issue in the case and its pendency for approximately six years, these costs are reasonable.

* * *

The evidence submitted in connection with the Motion shows that the award of attorney's fees and costs requested by Class Counsel is reasonable. Consistent with the determination in the Preliminary Approval Order, the requested fee award constitutes a reasonable percentage of the total value of the recovery to the Class, as confirmed by the lodestar cross-check. Moreover, the requested cost award is reasonable in light of the complexity of this litigation and its pendency for six years.

Based on a consideration of the range that was approved in the Preliminary Approval Order, the application of a multiplier, and the evidence that has been presented in support of the Motion, it is determined that the requested fee award of $20,493,033 by Class Counsel, *i.e.*, $20,093,033 in attorney's fees and $400,000 in costs, is appropriate. Therefore, it is **APPROVED**, and the Motion is **GRANTED** as to the request for an award of attorney's fees and costs.

## VI. Conclusion

For the reasons stated in this Order, the Motion is **GRANTED**.

**IT IS SO ORDERED.**

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