**UNITED STATES DISTRICT COURT**
**CENTRAL DISTRICT OF CALIFORNIA**

KRISTAL REGUEIRO, on behalf of herself and others similarly situated,

Plaintiff,

v.

FCA US LLC,

Defendant.

Case No. 2:22-cv-05521-SPG-MAR

**ORDER GRANTING RENEWED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT [ECF NO. 77]**

Before the Court is the Renewed Motion for Preliminary Approval of Class Action Settlement, Certification of Settlement Class, and Approval of Class Notice, (ECF No. 77 ("Motion")), filed by Plaintiff Kristal Regueiro ("Plaintiff"). The Court has read and considered the Motion and concluded that it is suitable for decision without oral argument. *See* Fed. R. Civ. P. 78(b); C.D. Cal. L.R. 7-15. Having considered the parties' submissions, the relevant law, and the record in this case, the Court GRANTS the Motion.

# I. BACKGROUND

## A. Factual Background

The Court previously summarized the factual background of this case in its September 8, 2025, Order Denying Plaintiff's Motion for Preliminary Approval of Class Action Settlement. (ECF No. 57 ("September 2025 Order")). In that Order, the Court denied preliminary approval of the parties' class action settlement, concluding that the parties were attempting to settle claims of out-of-state class members that the Court had previously dismissed at the motion to dismiss stage. (*Id.* at 7). The Court found that, under principles of extraterritoriality, it lacked the power to bind out-of-state individuals to a settlement under California law. (*Id.* at 8). The Court also found that it lacked subject matter jurisdiction because there was no live case or controversy involving the out-of-state class members. (*Id.* at 8-9). Finally, the Court concluded that, even setting aside these jurisdictional issues, the Court could not preliminarily certify the class because of issues with typicality and predominance of common questions. (*Id.* at 9).

Following the September 2025 Order, the parties filed a Joint Status Report, in which they requested leave to amend the operative complaint. (ECF No. 64). The Court granted leave, (ECF No. 65), and Plaintiff filed the Second Amended Complaint ("SAC") on November 5, 2025, asserting a new breach-of-contract claim on behalf of the out-of-state class members. (ECF No. 66 ("SAC")). Plaintiff then filed a renewed motion for preliminary approval, which the Court again denied on March 3, 2026. (ECF No. 72 ("March 2026 Order")). In that Order, the Court found that Plaintiff had not satisfied the requirement of typicality because neither she nor any other named plaintiff was a member of the proposed subclass. (*Id.* at 8).

Following the March 2026 Order, the parties again filed a joint status report, in which they requested leave to amend the operative complaint and settlement agreement. (ECF No. 73). After the Court granted leave, (ECF No. 74), Plaintiff filed the Third Amended Complaint ("TAC") on March 31, 2026, (ECF No. 75 ("TAC")).

The factual allegations in the TAC are mostly unchanged from those summarized in the September 2025 and March 2026 Orders. In brief, Plaintiff alleges that she is the owner of a 2015 Jeep Wrangler manufactured by Defendant FCA US LLC ("Defendant"). (TAC ¶ 43). On November 17, 2021, Plaintiff presented the vehicle for repairs to one of Defendant's authorized repair facilities, which determined that the vehicle was experiencing a Cylinder 3 misfire related to a defective Valve Train System. (*Id.* ¶¶ 44-

46, 51). The repair facility recommended a "tear down" and indicated that the repair would not be covered under warranty. (*Id.* ¶ 47). Plaintiff declined to have the repair performed but incurred a $210 diagnostic fee out of pocket. (*Id.* ¶ 48). Plaintiff later paid another $100 diagnostic fee at another repair shop, where the mechanic identified compression loss and recommended the replacement or repair of valve stem oil seals. (*Id.* ¶ 50). Plaintiff alleges that Defendant's refusal to cover the cost of the repair was in violation of the California Emissions Warranty, which provides for a 7 year or 70,000-mile warranty for high-priced, emissions-related parts. (*Id.* ¶¶ 49, 52).

Plaintiff initiated this action on behalf of a proposed class of California consumers who have been owners or lessees of certain vehicles sold by Defendants and whose Valve Train Systems were not covered in the manner required by the California Emissions Warranty (the "California Class"). (*Id.* ¶ 127). Plaintiff also seeks to represent a subclass of California vehicle owners who have paid for diagnoses, repairs, and parts pertaining to defective Valve Train Systems that should have been covered by the California Emissions Warranty (the "California Out-of-Pocket Subclass"). (*Id.*). In addition, Plaintiff seeks to represent a similar class and subclass of vehicle owners and lessees in "Regulation 177 States" that have adopted California's vehicle emissions criteria pollutant regulations under Section 177 of the Clean Air Act (the "Reg. 177 Class" and "Reg. 177 Out-of-Pocket Subclass"). (*Id.*). In the TAC, Plaintiff brings claims for (1) violation of California's Unfair Competition Law ("UCL") on behalf of Plaintiff and the California Class; and (2) breach of contract on behalf of Plaintiff and the Reg. 177 Class. (*Id.* at 38-44). As relief, Plaintiff seeks, among other forms of relief, restitution for out-of-pocket expenses and injunctive relief requiring Defendant to cover all high-priced emissions-related parts under the California Emissions Warranty. (*Id.* at 44-46).

**B. Procedural History**

Plaintiff initiated this action on August 5, 2022. (ECF No. 1). Pursuant to a stipulation, Plaintiff filed a First Amended Complaint ("FAC") on December 14, 2022. (ECF No. 17). On May 4, 2023, the Court granted, in part, and denied, in part, Defendant's motion to dismiss the FAC. (ECF No. 33). Defendant then answered the FAC, and the parties proceeded to discovery. (ECF No. 34). On March 20, 2025, the parties filed a notice of settlement. (ECF No. 51). As discussed above, the Court denied two previous attempts to preliminarily certify a settlement class. (September 2025 Order; March 2026 Order).

Plaintiff filed the instant Motion on April 24, 2026. (Mot.). The Motion is accompanied by several exhibits, including a copy of the parties' Settlement Agreement and proposed Class Notice, (ECF No. 77-2 ("Settlement Agreement")), and supporting declarations from Plaintiff's Counsel, (ECF No. 77-1 ("Lurie Declaration"); ECF No. 77-7 ("Starr Declaration")), and Plaintiff, (ECF No. 77-8 ("Regueiro Declaration")).

### C. The Settlement Agreement

The parties participated in mediation with JAMS mediator Bradley Winters on November 18, 2024, and reached an agreement as to the principal terms of settlement. (Lurie Decl. ¶¶ 8, 9). The parties separately negotiated attorney's fees, expenses, and service awards. (*Id.* ¶ 10). Plaintiff represents that the Settlement Agreement was the product of non-collusive, adversarial negotiations during and after the mediation. (*Id.*). The Settlement Agreement, which was revised following the Court's September 2025 and March 2026 Orders, contains the following key provisions. *See* (Settlement Agreement); *see also* (ECF No. 77-3 (showing redlined changes)).

#### 1. Class Definition

The Settlement Agreement defines the Settlement Class as follows: "All individuals who, as confirmed by FCA US's records, purchased one or more of the following vehicles equipped with a 3.6L engine in the states of California (the 'California Class') and Connecticut, Delaware, Maine, Maryland, Massachusetts, Oregon, Pennsylvania, Rhode Island, Vermont, or Washington ('Reg. 177 States') (the 'Reg. 177 Class'): model-year 2015-2020 Ram 1500; model-year 2015-2019 Dodge Journey; model-year 2015-2020 Jeep Wrangler; model-year 2015-2020 Dodge Challenger; model-year 2015-2020 Dodge Charger; model-year 2015-2020 Chrysler 300; model-year 2015-2020 Chrysler Town &

Country or Dodge Grand Caravan; model-year 2015-2017 Chrysler 200; model-year 2015-2020 Ram Promaster; model-year 2015-2020 Dodge Durango; or model-year 2015-2020 Grand Cherokee." (Settlement Agreement at 4-5). The vehicles listed above are defined as the "Class Vehicles." (*Id.* at 5).

2. <u>Settlement Consideration</u>

The Settlement Agreement provides two forms of consideration to the Class Members. First, Defendant has agreed to extend its warranty obligations as to the Class Vehicles to "cover the costs of all parts and labor needed to replace a failed Valve Rocker Arm, Valve Stem Oil Seal, or Valve Tappet component for the earlier of 7 years from the Class Vehicle's in-service date or 70,000 miles driven." (*Id.* at 9). This warranty extension is not personal to any owner or lessee and survives the sale of the vehicle to subsequent purchasers. (*Id.*).

Second, Defendant has agreed to reimburse any Class Member who previously paid for diagnosis and/or repair relating to a failed Valve Rocker Arm, Valve Stem Oil Seal, or Valve Tappet component that is entitled to warranty coverage under the Settlement Agreement. (*Id.* at 10). Any such Class Member may submit a claim to the Settlement Administrator for reimbursement based on proof of a paid repair. (*Id.*). Such claims must be filed within 45 days of the dissemination of notice to the Class. (*Id.*). The Settlement Agreement provides that the settlement and claims process will be administered by Kroll Settlement Administration (the "Settlement Administrator"). (*Id.* at 8).

3. <u>Attorney's Fees, Costs, and Service Awards</u>

In addition to the consideration discussed above, Defendant has agreed to pay, subject to the Court's approval, "an award of reasonable attorneys' fees and expenses, inclusive of costs, up to, but not to exceed, the total combined sum of $1,005,000." (*Id.* at 15). This payment will be in addition to the consideration discussed above and will not reduce or otherwise affect the benefits to the Class Members. (*Id.* at 16). Additionally, Defendant has agreed not to oppose Plaintiff's request that Defendant pay a Service Award of $7,500 to Plaintiff. (*Id.*).

4. Release

The Settlement Agreement provides that, upon final approval of the Settlement, Plaintiff and the Class Members will irrevocably release any past, present, and future "Released Claims" against "Releasees." (*Id.*). The Settlement Agreement defines Released Claims to mean:

> Plaintiff's and California Class Members' claims under Section 17200 of California's Business & Professions Code (the "UCL") and Plaintiff's and Reg. 177 Class Members' claims for breach of contract, as well as any and all claims, causes of action, demands, debts, suits, liabilities, obligations, claims for monetary reimbursement, actions, rights of action, remedies of any kind and/or causes of action of every nature and description, whether known or unknown, asserted or unasserted, foreseen or unforeseen, regardless of any legal theory, existing now or arising in the future, by Plaintiff and any and all Class Members relating to the facts, acts, events, transactions, occurrences, courses of conduct, representations, omissions, circumstances, or other matters based on malfunction of the Valve Rocker Arm, Valve Stem Oil Seal, or Valve Tappet components in the Class Vehicles as pleaded in any complaint in the Action.

(*Id.* at 7). The Settlement Agreement further provides that "Plaintiff and Reg. 177 Class Members also are releasing all claims and demands for damages, as limited by this paragraph." (*Id.*). The Released Claims do not include "claims for death, personal injuries, damage to tangible property other than a Class Vehicle, [] subrogation," or currently pending automobile lemon law claims. (*Id.* at 7-8). "Releasees" is defined to include the entities that marketed the Class Vehicles; entities that designed, developed, or disseminated advertisements for the Class Vehicles; Defendant and its parents, subsidiaries, and affiliates, as well as the officers, directors, and employees thereof; and the predecessors, successors, and assigns of each of these individuals. (*Id.* at 8).

5. Class Notice

Finally, the Settlement Agreement provides that, following preliminary approval, the Settlement Administrator will send notice via email or direct mail to all identifiable Class Members. (*Id.* at 14). The Settlement Administrator will set up and maintain a

Settlement Website where Class Members can access a more detailed notice, along with the Settlement Agreement, the operative complaint, and additional information. (*Id.*). If notice is returned with a forwarding address, the Settlement Administrator will re-mail the notice to the new address. (*Id.*). If no address is indicated, the Settlement Administrator will perform an advanced address search and re-mail the notice to the best-known address resulting from the search. (*Id.*). The Settlement Agreement also provides that Defendant will serve notice of preliminary approval on the appropriate state and federal officials, as required by 28 U.S.C. § 1715. (*Id.* at 13).

Following notice, Class Members may submit objections to the Settlement Agreement by providing written notice to the Court within 45 days after the notice date. (*Id.* at 21). Any Class Member may also make a request for exclusion from the Class by submitting an opt out or exclusion form following final approval. (*Id.* at 20).

## II. LEGAL STANDARD

Parties seeking class certification for settlement purposes must satisfy the requirements of Federal Rule of Civil Procedure 23. *Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 620 (1997). In considering such a request, the court must give the Rule 23 certification factors "undiluted, even heightened, attention in the settlement context." *Id.* Once a class is certified, Rule 23(e) provides that "[t]he claims, issues, or defenses of a certified class may be settled . . . only with the court's approval." Fed. R. Civ. P. 23(e). "The purpose of Rule 23(e) is to protect the unnamed members of the class from unjust or unfair settlements affecting their rights." *In re Syncor ERISA Litig.*, 516 F.3d 1095, 1100 (9th Cir. 2008). Accordingly, before approving a class action settlement under Rule 23, a district court must conclude that the settlement is "fundamentally fair, adequate, and reasonable." *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1026 (9th Cir. 1998). In the Ninth Circuit, there is a "strong judicial policy that favors settlements, particularly where complex class action litigation is concerned." *Allen v. Bedolla*, 787 F.3d 1218, 1223 (9th Cir. 2015) (quoting *Syncor ERISA Litig.*, 516 F.3d at 1101).

Court approval of a class action settlement requires a two-step process—a preliminary approval followed by a later final approval. *See Tijero v. Aaron Bros., Inc.*, No. C 10–01089 SBA, 2013 WL 60464, at *6 (N.D. Cal. Jan. 2, 2013) ("The decision of whether to approve a proposed class action settlement entails a two-step process."); *West v. Circle K Stores, Inc.*, No. CIV. S-04-0438 WBS GGH, 2006 WL 1652598, at *2 (E.D. Cal. June 13, 2006) ("[A]pproval of a class action settlement takes place in two stages."). At the preliminary approval stage, the court "must make a preliminary determination on the fairness, reasonableness, and adequacy of the settlement terms." *See* Manual for Complex Litigation (Fourth) § 21.632 (2004). However, the "settlement need only be *potentially* fair, as the Court will make a final determination of its adequacy at the hearing on Final Approval." *Acosta v. Trans Union, LLC*, 243 F.R.D. 377, 386 (C.D. Cal. 2007) (emphasis in original).

## III. DISCUSSION

### A. Rule 23(a)

Plaintiff first seeks conditional certification of the settlement class pursuant to Rule 23(a). For the reasons discussed below, the Court finds that Rule 23's requirements of numerosity, commonality, typicality, and adequacy of representation are all satisfied for purposes of preliminary certification. *See* Fed. R. Civ. P. 23(a)(1)-(4).

#### 1. <u>Numerosity</u>

A class satisfies the prerequisite of numerosity if it is so large that joinder of all class members is impracticable. *Hanlon*, 150 F.3d at 1019. To be impracticable, joinder must be difficult or inconvenient, but need not be impossible. *Keegan v. Am. Honda Motor Co.*, 284 F.R.D. 504, 522 (C.D. Cal. 2012). "The numerosity requirement is not tied to any fixed numerical threshold," but, "[i]n general, courts find the numerosity requirement satisfied when a class includes at least 40 members." *Rannis v. Recchia*, 380 F. App'x 646, 651 (9th Cir. 2010) (citing cases); *see also Woodard v. Labrada*, No. EDCV 16-00189 JGB (SPx), 2019 WL 4509301, at *4 (C.D. Cal. Apr. 23, 2019). Here, the parties estimate that the proposed class includes more than 800,000 vehicle owners, including 12 different FCA model vehicles from 2015-2020. (Lurie Decl. ¶ 9). Because joinder of this many parties would be impracticable, numerosity is satisfied.

2. Commonality

Claims meet the commonality requirement when they "depend upon a common contention . . . capable of classwide resolution—which means that a determination of its truth or falsity will resolve an issue that is central to the validity of each one of the claims in one stroke." *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 350 (2011). "So long as there is even a single common question, a would-be class can satisfy the commonality requirement of Rule 23(a)(2)." *Parsons v. Ryan*, 754 F.3d 657, 675 (9th Cir. 2014) (internal quotation marks and citation omitted). Thus, where the circumstances of class members "vary but retain a common core of factual or legal issues with the rest of the class, commonality exists." *Id.* (citation omitted).

Plaintiff identifies several common questions, including whether Defendant has failed to cover the Subject Parts under the Emissions Warranty, whether Defendant has engaged in a systematic business practice of failing to identify that the Subject Parts should be covered by the Emissions Warranty, whether Defendant's conduct violates the UCL, and whether the Class is entitled to declaratory and injunctive relief regarding Defendant's alleged failure to comply with the Emissions Warranty. (Mot. at 17). For the Reg. 177 Class, Plaintiff asserts that commonality is satisfied because there is a single, dispositive question of whether Defendant breached its contract with Class Members by failing to cover all Valve Train System components for the duration of the Emissions Warranty. (*Id.* at 17-18).

All Class Members here purchased vehicles from Defendant during the same time period, and all were subject to a common policy of denying the applicability of the Emissions Warranty to Valve Train System parts. Thus, all Class Members have a common question of whether Valve Train System parts are covered by the Emissions Warranty. The fact that the Reg. 177 Class includes Class Members from various states does not prevent a finding of commonality, at least for purposes of settlement, given that the Emissions Warranty is identical across states, the relevant contract is a form contract, and there is little relevant difference in breach-of-contract claims across states. *See Ellsworth v. U.S. Bank, N.A.*, No. C 12-02506 LB, 2014 WL 2734953, at *14 (N.D. Cal. June 13, 2014) (certifying nationwide class on breach-of-contract claim based on "identical form contracts" and uniform policies); *see also Klay v. Humana, Inc.*, 382 F.3d 1241, 1263 (11th Cir. 2004) (finding commonality met on nationwide breach-of-contract claim because "a breach is a breach, whether you are on the sunny shores of California or enjoying a sweet autumn breeze in New Jersey"), *abrogated in part on other grounds by Bridge v. Phoenix Bond & Indem. Co.*, 553 U.S. 639 (2008); *Spencer v. Hartford Fin. Servs. Grp., Inc.*, 256 F.R.D. 284, 304 (D. Conn. 2009) (noting that "breach of contract claims . . . exhibit substantial uniformity from state to state"). As such, Plaintiff has satisfied the commonality requirement.

3. Typicality

Rule 23(a)(3) requires that the claims or defenses of the class representatives be typical of the claims or defenses of the class they seek to represent. Fed. R. Civ. P. 23(a)(3). The purpose of the typicality requirement is to "ensure[] that the interest of the class representative 'aligns with the interests of the class.'" *Just Film, Inc. v. Buono*, 847 F.3d 1108, 1116 (9th Cir. 2017) (quoting *Hanon v. Dataproducts Corp*., 976 F.2d 497, 508 (9th Cir. 1992)). "The test of typicality is whether other members have the same or similar injury, whether the action is based on conduct which is not unique to the named plaintiffs, and whether other class members have been injured by the same course of conduct." *Wolin v. Jaguar Land Rover N. Am., LLC*, 617 F.3d 1168, 1175 (9th Cir. 2010) (quoting *Hanon*, 976 F.2d at 508). Representative claims are "typical" if they are "reasonably co-extensive with those of the absent class members; they need not be substantially identical." *Hanlon*, 150 F.3d at 1020. Courts have held that typicality and commonality requirements "tend to merge," and a finding of commonality ordinarily will support a finding of typicality. *Gen. Tel. Co. of Sw. v. Falcon*, 457 U.S. 147, 157 n.13 (1982); *Wehner v. Syntext Corp.*, 117 F.R.D. 641, 644 (N.D. Cal. 1987).

The Court previously found that Plaintiff could not satisfy the typicality requirement because she was not a member of the proposed sub-class. *See* (March 2026 Order). Following amendment of the complaint and Settlement Agreement, the parties have now clarified that the Out-of-Pocket Subclass includes not only Class Members who incurred out-of-pocket costs for the repair of Valve Train System parts but also Class Members who incurred related diagnostic costs. *See* (TAC ¶ 127; Settlement Agreement at 10). With these amendments, Plaintiff is now a member of the proposed subclass because she incurred out-of-pocket diagnostic costs related to a faulty Valve Train System part. *See* (TAC ¶¶ 48, 50).

The Court otherwise finds no issues of typicality as to Plaintiff's representation of the Class. Like other Class Members, Plaintiff owns a Class Vehicle for which Defendant denied application of the Emissions Warranty. Like members of the Out-of-Pocket Subclass, Plaintiff incurred out-of-pocket costs related to the diagnosis and repair of a defective part that should have been covered by the Emissions Warranty. And like members of the Reg. 177 Class and Subclass, Defendant allegedly breached the terms of Plaintiff's sale agreement in refusing to recognize the Emissions Warranty. Plaintiff and all other Class Members have allegedly suffered the same injury as a result of Defendant's denial of the applicability of the Emissions Warranty to Valve Train System parts. Thus, Plaintiff's claims are typical of the Class.

4. Adequacy of Representation

Finally, Rule 23(a)(4) requires that "the representative parties will fairly and adequately protect the interests of the class." Fed. R. Civ. P. 23(a)(4). "To satisfy constitutional due process concerns, absent class members must be afforded adequate representation before entry of a judgment which binds them." *Hanlon*, 150 F.3d at 1020. To determine whether the adequacy prong is satisfied, courts consider the following two questions: "(1) [d]o the representative plaintiffs and their counsel have any conflicts of interest with other class members, and (2) will the representative plaintiffs and their counsel prosecute the action vigorously on behalf of the class?" *Staton v. Boeing Co.*, 327

F.3d 938, 957 (9th Cir. 2003); *see also Fendler v. Westgate-California Corp.*, 527 F.2d 1168, 1170 (9th Cir. 1975) (noting that representative plaintiffs and counsel must have sufficient "zeal and competence" to protect class interests).

Plaintiff's Counsel represents that there is no conflict of interest between Plaintiff and other Class Members, (Mot. at 19), and the Court has not otherwise identified any conflicts. Plaintiff herself states that she is not aware of any interests that are adverse to the interests of other Class Members, and she states that she has put the interest of the Class above her own at all times. (Regueiro Decl. ¶¶ 7-8). Plaintiff states that she has worked extensively on this case, including discussing facts with her Counsel, providing relevant documents and information, reviewing pleadings, assisting with discovery, and reviewing the settlement agreement. (*Id.* ¶ 10). Regarding the attorneys, Plaintiff's Counsel attests to its experience in class action litigation like the instant case, including specifically automotive defect and consumer warranty litigation. (Lurie Decl. ¶¶ 32-41; Starr Decl. ¶ 3; ECF No. 77-6). Moreover, the record reflects that Plaintiff's Counsel has vigorously prosecuted the case to date, contesting Defendant's motion to dismiss, engaging in substantial discovery, and working with Defendant to address the Court's concerns with earlier versions of the Settlement Agreement. Thus, the Court agrees that the proposed class representative and counsel will fairly and adequately protect the interests of the class.

With all four requirements satisfied, the Court finds at this time that the Settlement Class satisfies Rule 23(a) for the purposes of preliminary approval of the class action settlement.

**B. Rule 23(b)**

"In addition to satisfying Rule 23(a)'s prerequisites, parties seeking class certification must show that the action is maintainable under Rule 23(b)(1), (2), or (3)." *Amchem*, 521 U.S. at 614. Plaintiff seeks to certify the proposed class under Rule 23(b)(3). (Mot. at 19-22). Rule 23(b)(3) requires that "questions of law or fact common to class members predominate over any questions affecting only individual members, and that a class action is superior to other available methods for fairly and efficiently adjudicating the controversy." Fed. R. Civ. P. 23(b)(3).

1. <u>Predominance</u>

"The Rule 23(b)(3) predominance inquiry asks the court to make a global determination of whether common questions prevail over individualized ones." *Torres v. Mercer Canyons Inc.*, 835 F.3d 1125, 1134 (9th Cir. 2016), *abrogated on other grounds by TransUnion LLC v. Ramirez*, 594 U.S. 413 (2021). "[A]n individual question is one where members of a proposed class will need to present evidence that varies from member to member, while a common question is one where the same evidence will suffice for each member to make a prima facie showing or the issue is susceptible to generalized, class-wide proof." *Id.* (quoting *Tyson Foods, Inc. v. Bouaphakeo*, 577 U.S. 442, 453 (2016)) (internal quotation marks and alterations omitted).

As described above, all putative Class Members' claims relate to the same alleged denial of the applicability of the Emissions Warranty to Valve Train System parts on Class Vehicles during the Class Period. These claims are based on Defendant's alleged "policy and practice" of uniformly denying the applicability of the Emissions Warranty. (TAC ¶ 161). Thus, the key question for Class Members is whether these parts should be covered under the Emissions Warranty. Resolution of this question does not require inquiry into any individual questions. As such, "[a] common nucleus of facts and potential legal remedies dominates this litigation." *Hanlon*, 150 F.3d at 1022. While restitution for out-of-pocket costs incurred by the Out-of-Pocket subclass may require the resolution of some individual questions, "[i]n this circuit . . . damage calculations alone cannot defeat certification." *Yokoyama v. Midland Nat'l Life Ins. Co.*, 594 F.3d 1087, 1094 (9th Cir. 2010). As such, the Court concludes that common questions of fact and law predominate over any individual questions, including questions of damages.

2. <u>Superiority</u>

Additionally, the Court must find that a class action is superior to other methods of adjudication. Fed. R. Civ. P. 23(b). "Where classwide litigation of common issues will reduce litigation costs and promote greater efficiency, a class action may be superior to other methods of litigation." *Valentino v. Carter-Wallace, Inc.* 97 F.3d 1227, 1234 (9th Cir. 1996). The Rule lists four non-exclusive factors "pertinent" to the inquiry: (A) the interest of class members in individually controlling the prosecution or defense of separate actions; (B) the extent and nature of other litigation concerning the controversy; (C) the desirability of concentrating litigation in the particular forum; and (D) the likely difficulties in managing the class action. Fed. R. Civ. P. 23(b)(3). However, for settlement-only classes, "a district court need not inquire whether the case, if tried, would present intractable management problems." *In re Hyundai & Kia Fuel Econ. Litig.*, 926 F.3d 539, 558 (9th Cir. 2019) (quoting *Amchem*, 521 U.S. at 620).

Surveying these factors, a class action appears to be the superior method of adjudicating these claims. As discussed above, the claims involve common allegations about Defendant's uniform policy, such that the litigation will depend on the resolution of common questions. Given the large size of the class—more than 800,000 vehicle owners—adjudicating these common questions through a class action is likely to "reduce litigation costs and promote greater efficiency." *Valentino*, 97 F.3d at 1234; *see also Moore v. Ulta Salon, Cosmetics & Fragrance, Inc.*, 311 F.R.D. 590, 624 (C.D. Cal. 2015) (approving class action where individualization "would result in thousands of trials re-litigating the same legal and factual questions"). The potential individual recovery is also fairly low, making individual adjudication difficult and reducing any individual interest in controlling the litigation. *See* (TAC ¶¶ 48, 50 (alleging loss of $310 in diagnostic costs); Lurie Decl. ¶ 10 (noting that the cost to replace a Valve Train System part ranges from approximately $600 to $1150)). Moreover, Plaintiff also seeks classwide injunctive relief, which would be impracticable to litigate through individual litigation. The Court is unaware of any other ongoing litigation concerning this controversy, though the Court notes that Plaintiffs' Counsel has brought several similar cases against other automobile manufacturers in this and other California district courts. *See* (Starr Decl. ¶ 6). Finally, to the extent that the forum location is relevant in the class settlement context, *see Murillo v. Pac. Gas & Elec.*

*Co.*, 266 F.R.D. 468, 477 (E.D. Cal. 2010) (questioning whether this factor applies to settlement-only class approval), the Court sees no reason that concentration in this forum would be undesirable, given that the litigation is premised on violation of the California Emissions Warranty. While the Class includes out-of-state Class Members in the Reg. 177 Class, the claims of that Class are premised on those states' adoption of California law. As such, hearing the case in this District appears to be appropriate. Based on all of the above, the Court preliminarily concludes that a class action would be the superior vehicle for adjudication of these claims.

**C. Rule 23(e)**

Finally, at the preliminary approval stage, the parties must show that "the court will likely be able to . . . approve the proposal under Rule 23(e)(2)." Fed. R. Civ. P. 23(e)(1)(B). Rule 23(e)(2) requires courts to determine whether the proposed settlement is "fair, reasonable, and adequate" based on consideration of 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); and
> (D) the proposal treats class members equitably relative to each other.

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

Before the 2018 revisions to Rule 23(e), the Ninth Circuit had developed its own list of eight factors to be considered in assessing the fairness and adequacy of a proposed settlement. *See Churchill Vill., L.L.C. v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir. 2004). The Ninth Circuit has not directly spoken to how the 2018 amendments fit with this list of factors, though as one court has noted, the prior factors "correlate with the new language of the rule." *Gagnier v. Siteone Landscape Supply LLC*, No. SACV 21-01834-CJC (DFMx), 2023 WL 8116831, at *6 (C.D. Cal. June 6, 2023). The revised Rule 23(e) "directs the parties to present [their] settlement to the court in terms of [this new] shorter list of core concerns," and explains that the goal of the amendment was "to focus the [district] court and the lawyers on the core concerns of procedure and substance that should guide the decision whether to approve the proposal." Fed. R. Civ. P. 23(e)(2), 2018 Advisory Committee Notes. Accordingly, the Court will examine the fairness of the proposed settlement agreement in light of the amended 23(e) factors, but will consider the pre-2018 factors "to the extent that they shed light on the inquiry mandated by the amended Rule 23(e)." *Gagnier*, 2023 WL 8116831, at *6.

1. <u>Adequacy of Representation by Class Representatives and Class Counsel</u>

The first factor requires that the class representatives and class counsel have adequately represented the class. Fed. R. Civ. P. 23(e)(2)(A). As the Court concluded with respect to the adequacy analysis under Rule 23(a), it appears that Plaintiff's interests are substantially aligned with those of the other Class Members since they all suffered the same alleged harm as a result of Defendant's policy of denying Emissions Warranty claims for Valve Train System parts. It also appears that both Plaintiff and Plaintiff's Counsel have devoted significant time and energy to this case. Plaintiff attests that she has worked extensively with Counsel, including sitting for several hours of interviews, assisting with written discovery, and reviewing pleadings and the Settlement Agreement. (Regueiro Decl. ¶¶ 6-10). Plaintiff's Counsel, meanwhile, has performed significant work on this case, including opposing Defendant's motion to dismiss, engaging in discovery, drafting a protective order, preparing for and engaging in a full-day mediation, and responding to the Court's substantive concerns by drafting amended complaints and settlement agreements.

(Lurie Decl. ¶ 31). Thus, the Court finds that both Plaintiff and Counsel have provided adequate representation to the Class. *See Musgrove v. Jackson Nurse Profs., LLC*, No. CV 17-6565 FMO (SSx), 2022 WL 18231364, at *4 (C.D. Cal. June 24, 2022) (concluding first Rule 23(e)(2) factor was met where parties engaged in substantial discovery and motion practice).

2. Arm's Length Negotiations

The second factor requires that the proposed settlement has been negotiated at "arm's length." Fed. R. Civ. P. 23(e)(2)(B). "Collusion may not always be evident on the face of a settlement, and courts therefore must be particularly vigilant not only for explicit collusion, but also for more subtle signs that class counsel have allowed pursuit of their own self-interests and that of certain class members to infect the negotiations." *In re Bluetooth Headset Prods. Liab. Litig.*, 654 F.3d 935, 947 (9th Cir. 2011). Some such "subtle signs" of collusion include (1) when the agreement awards counsel a disproportionate share of the settlement; (2) when the parties agree to a "clear sailing" arrangement through which the defendants do not object to fee requests by class counsel; and (3) when the agreement reverts unclaimed funds to the defendant rather than to the class fund. *Roes, 1-2 v. SFBSC Mgmt., LLC*, 944 F.3d 1035, 1049 (9th Cir. 2019).

Plaintiff's Counsel asserts that the settlement is "the product of arms' length negotiations and finalized with the assistance of a seasoned mediator." (Lurie Decl. ¶ 28). Following mediation, the parties negotiated attorney's fees, expenses, and service awards "with the active participation and guidance of the mediator." (*Id.* ¶ 9). That the Settlement Agreement was reached through negotiations before a private mediator "weigh[s] in favor of a finding of non-collusiveness." *Bluetooth Headset Prod. Liab. Litig.*, 654 F.3d at 948. Thus, from the Court's review, it does not appear that there is any apparent unfairness "on the face of the negotiations." *Id.*

The Court does not otherwise find any "subtle signs" suggesting that the Settlement Agreement is collusive. The Settlement Agreement is not a common fund agreement, so the attorney's fees award is not based on a percentage of the common fund. Instead, the

Settlement Agreement provides for complete restitution for all Class Members and extends the existing Emissions Warranty. Because there is no common fund, there are no unclaimed funds that might revert to Defendant. While the parties have agreed to a clear sailing arrangement, this does not suggest collusiveness in this context given the significance of the overall settlement amount and the presence of a neutral mediator in negotiations. Accordingly, the Court finds that this factor weighs in favor of preliminary approval.

3. Adequacy of the Relief

The third factor requires the court to consider: "(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 attorneys' fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23(e)(3)." Fed. R. Civ. P. 23(e)(2)(C). The Court considers these factors in turn.

*a) Costs, Risks, and Delay of Trial and Appeal*

In assessing this factor, "courts may need to forecast the likely range of possible classwide recoveries and the likelihood of success in obtaining such results." Fed. R. Civ. P. 23(e), 2018 Advisory Committee Notes. "The amount offered in settlement is generally considered to be the most important consideration of any class settlement." *Grady v. RCM Techs., Inc.*, 671 F. Supp. 3d 1065, 1075 (C.D. Cal. 2023) (citation omitted). In determining whether the amount offered in settlement is fair, courts should "compare the settlement amount to the parties' estimates of the maximum amount of damages recoverable in a successful litigation." *Litty v. Merrill Lynch & Co., Inc.*, No. CV 14-0425 PA (PJWx), 2015 WL 4698475, at *9 (C.D. Cal. Apr. 27, 2015) (internal quotation marks and citation omitted).

As discussed above, the Settlement Agreement provides for two forms of relief: (1) an extension of Defendant's warranty obligations under the Emissions Warranty; and (2) reimbursement to Class Members for any diagnostic or repair costs related to a failed

Valve Train System part. (Settlement Agreement at 9-10). Plaintiff's Counsel attests that this result "is identical to the best possible outcome that could be achieved at trial." (Lurie Decl. ¶ 23). Weighed against the risks of further litigation, including disputes over class certification, standing, and the merits of the claims, Plaintiff argues that the Settlement Agreement falls within the range of reasonableness. (*Id.* ¶¶ 24-25).

The Court agrees. While the Settlement Agreement does not include payment of pre-judgment interest, it otherwise provides Plaintiff with substantially all of the relief sought in the TAC. The Settlement Agreement provides Class Members with complete reimbursement for costs incurred as a result of the denial of warranty coverage. To the extent a different measure of damages might have resulted in a higher award at trial, the Court agrees that the agreement is nevertheless reasonable in light of the risks of further litigation. This is particularly true given the expiration date on the warranty extension, which counsels in favor of a speedy resolution. Moreover, even if a higher damages award might have been possible at trial, "[t]he fact that a proposed settlement may only amount to a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved." *Linney v. Cellular Alaska P'ship*, 151 F.3d 1234, 1242 (9th Cir. 1998) (citation omitted). On the record before it, the Court concludes that the settlement benefits to the Class fall well within the range of reasonableness.

*b) Effectiveness of Proposed Method of Relief Distribution*

The Court next considers the method for processing claims to ensure the proposed method facilitates filing legitimate claims. For the warranty extension, the Settlement Agreement provides that Class Members will automatically receive warranty coverage at Defendant's dealerships and will not have to present any Settlement-related documentation. (Settlement Agreement at 9). For the Out-of-Pocket Subclass, the Settlement Agreement provides that any Class Member who paid for diagnosis and/or repair relating to a failed Valve Train System part may submit a claim to the Settlement Administrator for full reimbursement upon proof of a paid diagnosis and/or repair. (*Id.* at

10). To claim reimbursement, Class Members must file a claim within 45 days after class notice is disseminated, which must include (a) a completed claim form; (b) proof of payment; and (c) documentation identifying the vehicle, owner, defective part, and repair facility. (*Id.*). Information about how and when to submit claims will be available on the Settlement Website, and claims may be submitted by mail, email, or through the Settlement Website. (*Id.* at 10-11). The method of submission will be posted prominently on the short-form notice, long-form notice, claim form, and Settlement Website. (*Id.* at 11). Upon receipt of a claim, the Settlement Administrator will assess the claim and provide a written notice of decision within 60 days. (*Id.*). For successful claims, the Settlement Administrator will mail a check to the claimant within 21 days of Defendant funding the settlement fund. (*Id.* at 12).

The Court finds the proposed method of relief distribution to be appropriate. For the warranty extension, no action from Class Members is required for Defendant to honor its settlement obligations. For the reimbursements, the proposed method of distribution provides for a speedy and straightforward claims system. The required proof of payment and vehicle ownership is appropriate to protect against false claims and does not appear to be any more onerous than required for that purpose. Thus, the Court finds this factor weighs in favor of preliminary approval.

*c) Attorney's Fees*

The Court next considers "the terms of any proposed award of attorney's fees, including timing of payment." Fed. R. Civ. P. 23(e)(2)(C)(iii). At the preliminary approval stage, "the court should assess the reasonableness of the attorney's fee award because an inordinate fee may be the sign that counsel sold out the class's claims at a low value in return for the high fee." *Lusk v. Five Guys Enters. LLC*, No. 1:17-cv-00762-AWI-EPG, 2019 WL 7048791, at *8 (E.D. Cal. Dec. 23, 2019) (internal quotation marks and citation omitted). As discussed above, in considering the proposed award of attorneys' fees, the Court must scrutinize the Settlement for "subtle signs" that tend to show collusion: "(1) when counsel receives a disproportionate distribution of the settlement; (2) when the parties negotiate a 'clear sailing arrangement,' under which the defendant agrees not to challenge a request for an agreed-upon attorney's fee; and (3) when the agreement contains a 'kicker' or 'reverter' clause that returns unawarded fees to the defendant, rather than the class." *Briseno v. Henderson*, 998 F.3d 1014, 1023 (9th Cir. 2021) (internal quotation marks and alterations omitted).

On the record before the Court, the proposed fee award appears to be reasonable. As discussed above, this is not a common fund case, so it is difficult to directly compare the fee award to the benefits provided to the Class. However, given that the Class includes 800,000 vehicles, the actual value of the reimbursement and future warranty coverage likely far exceeds the attorney's fee award. Plaintiff's Counsel estimates that replacement of Valve Train System parts costs between $600 and $1150. (Lurie Decl. ¶ 10). Taking the lower of these figures, if 1% of the class submits claims, the total settlement value would be $4,800,000, bringing the proposed fee award below the 25% benchmark frequently applied in this Circuit. (*Id.*). Plaintiff's Counsel's estimates appear reasonable to the Court. Moreover, as discussed above, there is no evidence that the proposed fee award was the product of collusive negotiations.

Accordingly, the Court finds that this factor weighs in favor of preliminary approval. However, for purposes of any future fees motion, the Court requests that Plaintiff's Counsel submit information to enable the Court to perform a lodestar cross-check.

*d) Agreements Required to Be Identified Under Rule 23(e)(3)*

Rule 23(e)(3) requires the parties to "file a statement identifying any agreement made in connection with the proposal." Fed. R. Civ. P. 23(e)(3). Because the parties here filed no such statement, the Court considers this factor to be neutral.

4. <u>Equitable Treatment Among Class Members</u>

Lastly, Rule 23(e) requires examination of whether a proposed settlement "treats class members equitably relative to each other." Fed. R. Civ. P. 23(e)(2)(D). "Matters of concern could include whether the apportionment of relief among class members takes appropriate account of differences among their claims, and whether the scope of the release may affect class members in different ways that bear on the apportionment of relief." *Id.*, 2018 Advisory Committee Notes.

The Settlement Agreement appears to treat all Class Members equally. For the general Class, all Class Members receive identical extensions of the existing Emissions Warranty. For the Out-of-Pocket Subclass, all Class Members receive reimbursement equal to their out-of-pocket expenses on repair and diagnosis. While there is a distinction between the relief available for members of the subclass and other Class Members, this distinction is equitable because it reflects the actual costs incurred by these individuals. As to Plaintiff, while the Settlement Agreement does provide for an additional $7,500 Service Award, (Settlement Agreement at 8), such awards are frequently approved in this Circuit and do not demonstrate inequitable treatment. *See Staton*, 327 F.3d at 976-77. Additionally, given that this is not a common fund case, the Service Award does not affect the benefits awarded to other Class Members. Accordingly, this factor weighs in favor of preliminary approval.

Weighing all of the factors discussed above, the Court concludes that it is "likely" that it would be able to conclude for purposes of final approval that the Settlement Agreement is "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(1)(B), (2).

**D. Sufficiency of Notice**

Lastly, Rule 23(c)(2)(B) requires that the Court "direct to class members the best notice that is practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort." Fed. R. Civ. P. 23(c)(2)(B). Similarly, Rule 23(e)(1) requires that a proposed settlement may only be approved after notice is directed in a reasonable manner to all class members who would be bound by the agreement. Fed. R. Civ. P. 23(e)(1). Notice "is satisfactory if it generally describes the terms of the settlement in sufficient detail to alert those with adverse viewpoints to investigate and to come forward and be heard." *Churchill Vill.*, 361 F.3d at 575 (internal quotation marks and citation omitted).

The Settlement Agreement provides that, following preliminary approval, the Settlement Administrator will send the short-form notice by email or direct U.S. mail to all reasonably identifiable Class Members. (Settlement Agreement at 14). To facilitate this, Defendant will provide the Settlement Administrator with the names, email addresses, and mailing address information for owners and lessors of each Class Vehicle. (*Id.*). The Settlement Administrator will then conduct an address search through the USPS database to update the address information for Class Members. (*Id.*). For any returned notices, the Settlement Administrator will re-mail the notice if a forwarding address is provided or, if not, will perform an advanced address search and re-mail the notice to the best-known address resulting from the search. (*Id.* at 15).

The Court finds the proposed method of notice to be reasonable. Mailing the Notice to the last known addresses of class members "constitutes the best practicable notice under the circumstances." *Trujillo v. UnitedHealth Grp. Inc.*, 5:17-cv-2547-JFW (KKx), 2019 WL 13240414, at *2 (C.D. Cal. July 19, 2019). From the Court's review of the proposed short-form notice, the form clearly describes: (i) the nature of the action and class claims and the terms of the Settlement Agreement; (ii) the definition of the class; (iii) the procedure and timing for objections and requests for exclusion; and (iv) the date and location of the Fairness Hearing and the binding effect of any class judgment entered. (Settlement Agreement at 32). The short-form notice also directs Class Members to the Settlement Website for further information. Thus, the notice appears reasonably calculated to reach Class Members and inform them of the actions needed to claim benefits.

Finally, the Settlement Agreement provides that Defendant will cause notice of the Settlement to be provided to the relevant state and federal officials, in compliance with 28 U.S.C. § 1715. (*Id.* at 13). Under 28 U.S.C. § 1715(d), "[a]n order giving final approval of a proposed settlement may not be issued earlier than 90 days after the later of the dates on which the appropriate Federal official and the appropriate State official are served with the notice." The Court directs Defendant to complete the required notice and to file a notice of compliance on the docket promptly following issuance of this Order.

## IV. CONCLUSION

For the foregoing reasons, the Court GRANTS the Motion and ORDERS as follows:

1. The parties' settlement, as set forth in the Second Renewed Class Action Settlement Agreement, (ECF No. 77-2), is preliminarily approved;
2. The Class as defined in the Settlement Agreement is preliminarily certified for purposes of settlement;
3. For settlement purposes only, the Court hereby appoints:
   a. Plaintiff Kristal Regueiro as Class Representative;
   b. The Law Office of Robert L. Starr and Pomerantz LLP as Class Counsel; and
   c. Kroll Settlement Administration as the third-party Settlement Administrator;
4. The proposed form and method of giving Class Members notice of the action is approved. Class Notices must be disseminated to the proposed Settlement Class as set forth in the Settlement Agreement. Defendant must provide notice to the relevant state and federal officials as required under 28 U.S.C. § 1715 and file a notice of compliance on the docket promptly;
5. The Final Approval Hearing shall be held on October 28, 2026, at 1:30 p.m. in the United States District Court, Central District of California, Courtroom 5C, located at 350 W. 1st Street, Los Angeles, California, 90012; and
6. The Court sets a briefing schedule as follows:
   a. Plaintiff's motion for final approval of the settlement, as well as any motion for attorneys' fees, costs, and a class representative service payment, shall be filed at least twenty-eight (28) days before the Final Approval Hearing;
   b. The parties shall file their reply briefs, if any, at least fourteen (14) days before the Final Approval Hearing;

c. Defense Counsel shall file with the Court a declaration attesting to service of CAFA notice pursuant to 28 U.S.C. § 1715 and indicating the position of any State or Federal officials at least fourteen (14) days before the Final Approval Hearing.

**IT IS SO ORDERED.**

DATED: June 29, 2026

HON. SHERILYN PEACE GARNETT
UNITED STATES DISTRICT JUDGE