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7 UNITED STATES DISTRICT COURT  
8 WESTERN DISTRICT OF WASHINGTON  
9 AT SEATTLE

10 STEPHEN J. TUTTLE, et al.,

11 Plaintiffs,

12 v.

13 AUDIOPHILE MUSIC DIRECT  
14 INC., et al.,

15 Defendants.

CASE NO. C22-1081JLR

ORDER GRANTING  
PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT

16 **I. INTRODUCTION**

17 Before the court is Plaintiffs Stephen J. Tuttle and Dustin Collman’s (collectively,  
18 “Plaintiffs”) motion for preliminary approval of their class action settlement with  
19 Defendants Audiophile Music Direct, Inc. and Mobile Fidelity Sound Lab Inc.  
20 (collectively, “Defendants”). (Mot. (Dkt. # 26); Pls. Reply (Dkt. # 39); Defs. Reply (Dkt.  
21 # 41).) Intervenors Adam Stiles, Omar Flores, and Gregory Bitterman (collectively,  
22 “Intervenors”) oppose the motion. (Resp. (Dkt. # 37).) The court has considered the

1 motion, all materials filed in support of and in opposition to the motion, the relevant  
2 portions of the record, and the governing law. Being fully advised,<sup>1</sup> the court GRANTS  
3 Plaintiffs’ motion for preliminary approval of the class action settlement.

## 4 II. BACKGROUND

5 Defendants are producers and sellers of vinyl music recordings. (Am. Compl.  
6 (Dkt. # 14) ¶ 1.) One of their product lines, according to Plaintiffs, “consists of analog  
7 recordings that are made without the use of digital processing, i.e., by duplicating the  
8 original analog master recordings using only analog processes.” (*Id.*) Plaintiffs assert  
9 that recordings made without a digital processing step are “highly valued by high-end  
10 audiophiles and collectors.” (*Id.*; *see also id.* ¶ 21 (explaining that audiophiles believe  
11 that analog recordings “preserve the entire dynamic range of the sound that has been  
12 recorded, whereas digital recording limits or compresses the signal in a way that limits  
13 the dynamic range”).) As a result, Plaintiffs allege, Defendants were able to charge a  
14 “high premium” for recordings that they claimed were produced without a digital  
15 processing step. (*Id.* ¶¶ 22-24.) These recordings were produced under processes  
16 Defendants refer to as “Original Master Recording” (“OMR”) or “Ultradisc One-Step”  
17 (“One-Step”). (*Id.* ¶ 3.)

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19 <sup>1</sup> The parties and Intervenors agree that the court can and should decide this motion and  
20 the question, discussed below, of whether the proposed settlement is the product of a “reverse  
21 auction” on the papers rather than in an evidentiary hearing. (Resp. at 6; Pls. Reply at 1; Defs.  
22 Reply at 7; *see* 3/13/23 Order (Dkt. # 36) at 14 (directing the parties and Intervenors to include in  
their briefing “a proposal for the process the court should use to resolve the question of whether  
the class settlement in this action was the result of a ‘collusive reverse auction’”).) Having  
reviewed the parties’ and Intervenors’ submissions, the court agrees that this matter can be  
decided without a hearing. *See* Local Rules W.D. Wash. LCR 7(b)(4).

1 Plaintiffs allege that Defendants represented that many of these recordings were  
2 produced using analog-only processes when, in fact, they were not. (*Id.* ¶ 2; *see also id.*  
3 ¶ 27 (quoting a July 27, 2022 statement in which Defendants’ president, James Davis,  
4 acknowledged that Defendants had used digital technology in their mastering chain).)  
5 Approximately 123 OMR and One-Step recordings that Plaintiffs allege Defendants had  
6 represented were analog-only but in fact were produced using a digital processing step  
7 are at issue in this litigation (the “Applicable Records”). (1/15/23 Davis Decl. (Dkt. # 19)  
8 ¶ 3; *id.* ¶ 6, Ex. A (listing the Applicable Records).) Plaintiffs assert, on behalf of  
9 themselves and proposed Washington and nationwide classes, that they reasonably relied  
10 on Defendants’ representations that the Applicable Records were produced using  
11 analog-only processes, purchased the recordings either directly from Defendants or from  
12 third-party retailers in reliance on those representations, and suffered damage as a result.  
13 (*Id.* ¶¶ 2, 30.) Defendants’ sales records indicate that they sold over 634,000 Applicable  
14 Records between 2007 and July 27, 2022. (1/15/23 Turner Decl. (Dkt. # 18) ¶ 2.)  
15 Defendants sold approximately 25% of the Applicable Records directly to retail  
16 customers, and the remaining 75% to other retailers such as Target and Walmart. (*Id.*)

17 Plaintiffs filed this action on August 2, 2022. (Compl. (Dkt. # 1).) Between  
18 August 18 and September 23, 2022, other sets of plaintiffs filed separate proposed class  
19 actions against Defendants in the Northern District of Illinois, the Central District of  
20 California, and the Northern District of California. *See Stiles v. Mobile Fidelity Sound*  
21 *Lab, Inc.*, Case No. 1:22-cv-04405 (N.D. Ill.) (filed August 18, 2022); *Bitterman v.*  
22 *Mobile Fidelity Sound Lab, Inc.*, Case No. 1:22-cv-04714 (N.D. Ill.) (filed September 1,

1 2022); *Allen v. Audiophile Music Direct*, Case No. 2:22-cv-08146 (C.D. Cal.) (filed  
2 September 22, 2022, in Los Angeles County Superior Court before being removed to  
3 federal court); *Molinari v. Audiophile Music Direct*, Case No. 4:22-cv-05444 (N.D. Cal.)  
4 (filed September 23, 2022). Thus, this case is the first-filed action challenging  
5 Defendants’ alleged representation of the OMR and One-Step recordings as analog-only  
6 when those recordings were in fact produced using a digital processing step.

7 Plaintiffs originally moved for preliminary approval of the parties’ class action  
8 settlement on January 15, 2023. (1/15/23 Mot. (Dkt. # 17).) On January 20, 2023, the  
9 court denied the motion without prejudice; directed Plaintiffs to correct several issues the  
10 court had identified in Plaintiffs’ preliminary approval materials; and granted Plaintiffs  
11 leave to submit revised materials with a renewed motion for preliminary approval.  
12 (1/20/23 Order (Dkt. # 21).) Plaintiffs filed the instant revised motion and amended  
13 settlement agreement (“Amended Settlement Agreement”) on January 31, 2023. (Mot.;  
14 2/2/23 Turner Decl. (Dkt. # 28) ¶ 2, Ex. 1 (“Am. Agreement”).)

15 The parties’ proposed settlement class (the “Class”) is comprised of:

16 All original retail consumers in the United States who, from March 19, 2007,  
17 through July 27, 2022 purchased, either directly from a Defendant or other  
18 retail merchants, new and unused Mobile Fidelity Sound Lab, Inc. (“MoFi”) vinyl recordings which were marketed by Defendants using the series  
19 labeling descriptors “Original Master Recording” and/or “Ultradisc One-  
20 Step,” that were sourced from original analog master tapes and which utilized  
21 a direct stream digital transfer step in the mastering chain, and provided that  
22 said purchasers still own said recordings (the “Applicable Records”). Excluded from the Class are persons who obtained subject Applicable  
Records from other sources.

1 (Am. Agreement ¶ 4.28.) Individuals who no longer own the Applicable Records they  
2 purchased are expressly excluded from the Class. (*Id.*) Defendants estimate that the  
3 Class will include approximately 20,000 people who purchased Applicable Records  
4 directly from Defendants and at least the same number who purchased Applicable  
5 Records from other retailers. (1/15/23 Davis Decl. ¶ 4.)

6 Plaintiffs’ research indicates that “most, if not all” of the Applicable Records that  
7 have been cared for properly have a value on the secondary market that exceeds their  
8 original purchase price. (1/15/23 Turner Decl. ¶ 4; 3/31/23 Turner Decl. (Dkt. # 40) ¶ 3.)  
9 Therefore, the parties’ proposed settlement offers Class members their choice of three  
10 forms of relief. Class members who wish to return their Applicable Records may choose  
11 to receive a full refund of the price they paid for their Applicable Records, plus tax and  
12 shipping. (Am. Agreement ¶ 5.1(a).) Class members who wish to keep their Applicable  
13 Records may choose either a refund of 5% of the price they paid for their Applicable  
14 Records, plus tax and shipping, or a coupon for 10% of the price they paid for their  
15 Applicable Records, plus tax and shipping, that can be redeemed for any products offered  
16 on Defendants’ Music Direct website. (*Id.* ¶¶ 5.1(b)-(c).) Coupons expire 180 days after  
17 issuance and are not transferable; a Class member may, however, combine the value of  
18 multiple coupons when making a purchase on Defendants’ website. (*Id.* ¶ 5.1(c).) Class  
19 members who purchased multiple Applicable Records may select among the three forms  
20 of relief for each record—for example, a Class member may choose to receive a full  
21 refund for one record and a coupon for another. (*Id.* ¶ 5.1(d).) Class members must  
22 show both proof of purchase and proof of ownership of their Applicable Records to

1 receive a refund or coupon. (*Id.* ¶¶ 4.23, 4.24, 5.1.) In exchange, Class members agree  
2 to release Defendants from any claims, known or unknown, which “arise out of or are in  
3 any way related to Defendants’ marketing, promotion, and sale of the Applicable  
4 Records” between March 19, 2007, and July 17, 2022, or which could have been raised in  
5 this litigation related to the Applicable Records. (*Id.* ¶¶ 4.1, 4.26, 4.33, 5.6.)

6 The parties propose a notice program that includes (1) sending the full notice and  
7 claim forms by U.S. Mail and the summary notice by email to approximately 23,000  
8 individuals who purchased Applicable Records directly from Defendants; (2) publishing  
9 notice on Defendants’ websites and on industry and audiophile online forums, websites,  
10 and print media; and (3) targeted advertising on social media. (*Id.* ¶¶ 5.3.2, 5.3.3;  
11 Finegan Decl. (Dkt. # 27) ¶¶ 4-5, 14-26; *see also* Am. Agreement, Exs. C & D (summary  
12 notice and full notice).) The proposed Settlement Administrator, Kroll Settlement  
13 Administration LLC, (“Settlement Administrator”) will also create a website to enable  
14 Class members to electronically submit proofs of purchase and ownership of their  
15 Applicable Records. (Am. Agreement ¶ 5.3.4.) Class members who chose to receive a  
16 5% refund or 10% coupon will receive their compensation within 30 days of the  
17 expiration of the period to appeal or the completion of any appeals of the final approval  
18 of the settlement agreement. (*Id.* ¶ 5.5.1.) Class members who chose to return their  
19 Applicable Records will receive a pre-paid return shipping label and return instructions at  
20 the same time. (*Id.* ¶ 5.5.2.)

21 Plaintiffs will ask the court to approve a service award of \$10,000 for each of the  
22 two named Plaintiffs. (*Id.* ¶ 5.7.2.) They will also request an award of attorneys’ fees

1 and costs of no more than \$290,000. (*Id.* ¶ 5.7.1.) Attorneys’ fees and service awards  
2 will be paid directly by Defendants, and Defendants will bear all expenses and costs  
3 arising from the administration of the settlement. (*Id.* ¶¶ 5.3.8, 5.7.1, 5.7.2, 5.8.)

4 On March 13, 2023, the court granted Intervenor’s motion to intervene in this  
5 action for the limited purpose of opposing Plaintiffs’ revised motion for preliminary  
6 approval of the class settlement and granted Plaintiffs and Defendants leave to file  
7 optional replies in support of Plaintiffs’ motion. (3/13/23 Order.) Plaintiffs’ revised  
8 motion for preliminary approval is now ripe for decision.

### 9 III. ANALYSIS

10 Intervenor’s oppose the *Tuttle* parties’ motion for preliminary approval because,  
11 they argue, the parties’ proposed settlement (1) was the product of a collusive “reverse  
12 auction” and (2) provides inadequate relief to the class. (*See generally* Resp.) Below, the  
13 court sets forth the standard of review for preliminary approval of a class settlement;  
14 considers Intervenor’s arguments against the parties’ proposed settlement; and evaluates  
15 the factors that guide preliminary approval of a class action settlement under Federal  
16 Rule of Civil Procedure 23(e)(1).

#### 17 A. Standard of Review

18 In order for the court to preliminarily approve a class settlement and to direct that  
19 notice to be sent to class members, the parties must show that the court “will likely be  
20 able to (i) approve the proposal under Rule 23(e)(2); and (ii) certify the class for purposes  
21 of judgment on the proposal.” Fed. R. Civ. P. 23(e)(1)(B). The court’s focus at the  
22 preliminary approval stage is on whether the proposed settlement “appears to be the

1 product of serious, informed, non-collusive negotiations, has no obvious deficiencies,  
2 does not improperly grant preferential treatment to class representatives or segments of  
3 the class, and falls within the range of possible approval.” *LSIMC, LLC v. Am. Gen. Life*  
4 *Ins. Co.*, No. 2:20-cv-11518-SVW-PVC, 2023 WL 2628106, at \*1 (C.D. Cal. Feb. 16,  
5 2023) (quoting *Chen v. Chase Bank USA, N.A.*, No. 19-cv-01082-JSC, 2020 WL 264332,  
6 \*6 (N.D. Cal. Jan. 16, 2020)).

7 Rule 23(e)(2) requires the court to evaluate whether the parties’ settlement  
8 proposal is “fair, reasonable, and adequate” after considering four enumerated factors.  
9 Fed. R. Civ. P. 23(e)(2). If the court has not previously certified the class, it must also  
10 consider whether the class should be conditionally certified for settlement purposes. *See*  
11 Fed. R. Civ. P. 23(e)(1)(B)(ii). Plaintiffs must also, therefore, demonstrate to the court  
12 that the settlement class is likely to satisfy “each of the four requirements of Rule 23(a)—  
13 numerosity, commonality, typicality, and adequacy—and at least one of the requirements  
14 of Rule 23(b).” *Briseno v. ConAgra Foods, Inc.*, 844 F.3d 1121, 1124 (9th Cir. 2017).

15 **B. Rule 23(e)(2) Factors**

16 The court begins by preliminarily reviewing the Rule 23(e)(2) factors to determine  
17 whether the parties have shown that the court is likely to approve their proposal. Fed. R.  
18 Civ. P. 23(e)(1)(B)(i). The court must consider whether “(A) the class representatives  
19 and class counsel have adequately represented the class; (B) the proposal was negotiated  
20 at arm’s length; (C) the relief provided for the class is adequate . . . and (D) the proposal  
21 treats class members equitably relative to each other.” Fed. R. Civ. P. 23(e)(2).  
22



1            1. Adequacy of Representation and Arm's Length Negotiation

2            Rules 23(e)(2)(A) and 23(e)(2)(B) require the court to evaluate whether “the class  
3 representatives and class counsel have adequately represented the class” and whether “the  
4 proposal was negotiated at arm’s length.” Fed. R. Civ. P. 23(e)(2)(A)-(B). Intervenors  
5 argue that the court must deny preliminary approval of the parties’ settlement because the  
6 settlement was the result of a collusive reverse auction. (Resp. at 3-6.) “A reverse  
7 auction is said to occur when ‘the defendant in a series of class actions picks the most  
8 ineffectual class lawyers to negotiate a settlement with in the hope that the district court  
9 will approve a weak settlement that will preclude other claims against the defendant.’”  
10 *Negrete v. Allianz Life Ins. Co. of N. Am.*, 523 F.3d 1091, 1099-1100 (9th Cir. 2008)  
11 (quoting *Reynolds v. Beneficial Nat’l Bank*, 288 F.3d 277, 282 (7th Cir. 2002)). In a  
12 reverse auction,

13            [t]he ineffectual lawyers are happy to sell out a class they anyway can’t do  
14 much for in exchange for generous attorneys’ fees, and the defendants are  
15 happy to pay generous attorneys’ fees since all they care about is the bottom  
line—the sum of the settlement and the attorneys’ fees—and not the  
allocation of money between the two categories of expense.

16 *Reynolds*, 288 F.3d at 283; see *Tech. Training Assocs., Inc. v. Buccaneers Ltd. P’ship*,  
17 874 F.3d 692, 697 (11th Cir. 2017) (finding a potential reverse auction where the record  
18 included emails “that showed that the plaintiffs’ counsel was engaged in a  
19 ‘Machiavellian’ plan to undercut the movants’ negotiating position.”).

20            Those challenging a settlement as resulting from an alleged reverse auction must  
21 provide “concrete evidence” of collusion. *Rutter & Wilbanks Corp. v. Shell Oil Co.*, 314  
22 F.3d 1180, 1189 (10th Cir. 2002). Otherwise, the “reverse auction argument would lead

1 to the conclusion that no settlement could ever occur in the circumstances of parallel or  
2 multiple class actions—none of the competing cases could settle without being accused  
3 by another of participating in a collusive reverse auction.” *Negrete*, 523 F.3d at 1100  
4 (quoting *Rutter*, 314 F.3d at 1189).

5 The court preliminarily concludes that the *Tuttle* parties’ proposed settlement lacks  
6 the hallmarks of a reverse auction recognized in the case law: ineffectual lawyers,  
7 evidence that the defendant negotiated with those lawyers *because of* their supposed  
8 ineffectiveness, and overly generous attorneys’ fees compared to the relief offered to the  
9 class. *See Negrete*, 523 F.3d at 1099-1100; *Reynolds*, 288 F.3d at 283.

10 First, lead counsel for Plaintiffs, Duncan C. Turner, and his firm have a record of  
11 effective class action advocacy. Mr. Turner has successfully settled 21 cases in the past  
12 six years for a total recovery of over \$36 million. (3/31/23 Turner Decl. ¶ 4; *see also*  
13 1/15/23 Turner Decl. ¶¶ 9-11 (describing Mr. Turner’s legal background).) His law firm,  
14 Badgley Mullins Turner, has acted as co-counsel in numerous class actions and  
15 shareholder derivative cases since 2007. (1/15/23 Turner Decl. ¶¶ 12-13.) Intervenors do  
16 not rebut Mr. Turner’s representations regarding his experience or that of his firm. (*See*  
17 *generally* Resp.) The court cannot conclude, based on this record, that Plaintiffs’ counsel  
18 are ineffectual.

19 Second, there is no evidence that Defendants chose to negotiate with Plaintiffs’  
20 counsel *because of* counsel’s alleged ineffectiveness. To the contrary, the record shows  
21 that Defendants’ counsel negotiated with Plaintiffs’ counsel because this case was the  
22 first of the five proposed class actions regarding the Applicable Records to be filed. *See*,

1 | *e.g., Rahman v. Gate Gourmet, Inc.*, No. 3:20-cv-03047-WHO, 2021 WL 5973046 (N.D.  
2 | Cal. Nov. 22, 2021) (“Usually, considerations of efficiency, economy, and avoiding  
3 | duplicative litigation give favor to the first-filed case.” (citing *Barapind v. Reno*, 225  
4 | F.3d 1100, 1109 (9th Cir. 2000)). Plaintiffs filed this case on August 2, 2022; Mr. Turner  
5 | and Defendants’ lead attorney, Joseph J. Madonia, had a first conversation on August 18,  
6 | 2022; and the parties began their negotiations on August 22, 2022, before Defendants  
7 | learned about any of the later-filed competing class actions. (Compl.; 2/13/23 Madonia  
8 | Decl. (Dkt. # 33-1) ¶ 5 (stating that counsel for Plaintiffs and Defendants had an initial  
9 | conversation on August 18, 2022); 2/13/23 Turner Decl. (Dkt. # 32) ¶ 4 (same); 3/31/23  
10 | Madonia Decl. (Dkt. # 41-2) ¶ 4 (stating that negotiations with Plaintiffs began on  
11 | August 22, 2022); *id.* ¶ 4, Ex. 1 (August 22, 2022 email from Mr. Turner to Mr. Madonia,  
12 | acknowledging that the parties had “engaged in preliminary discussions towards  
13 | resolving the case”).) Meanwhile, *Stiles* was not filed until August 18, 2022; *Bitterman*  
14 | was not filed until September 1, 2022; and Defendants were not served with those cases  
15 | until August 31, 2022, and September 19, 2022, respectively. (3/31/23 Davis Decl. (Dkt.  
16 | # 41-1) ¶ 12; 3/31/23 Madonia Decl. ¶ 4.) In addition, Intervenors’ assertion that  
17 | Defendants’ counsel “shopped” the case in an effort to find the most ineffectual lawyers  
18 | and the lowest settlement is belied by the fact that there is no evidence that Defendants’  
19 | counsel engaged in *any* settlement discussions with counsel in the two California class  
20 | actions. (See 3/31/23 Madonia Decl. ¶ 10 (stating that Defendants’ counsel never  
21 | discussed, exchanged, or negotiated settlement terms with counsel for the plaintiffs in the  
22 | four later-filed actions).)

1 Third, the attorneys' fees Plaintiffs will request do not appear to be  
2 overly-generous or disproportionate to the relief allocated to the Class. Plaintiffs  
3 represent that their attorneys will seek an award of attorneys' fees and costs of no more  
4 than \$290,000, to be paid directly by Defendants rather than from a gross settlement  
5 fund. (Am. Agreement ¶ 5.7.1.) This is one of the lower proposed fee awards this court  
6 has encountered in a class action settlement. *See, e.g., McClintic v. Lithia Motors, Inc.*,  
7 No. C11-859RAJ, 2011 WL 13127844, at \*6 (W.D. Wash. Oct. 19, 2011) (observing that  
8 a \$600,000 maximum attorneys' fee award was "among the lowest" that court had seen).  
9 It is difficult to value the total relief offered by this claims-based settlement because it is  
10 currently unknown how many Class members will file claims and which forms of relief  
11 they will choose among the forms of relief offered. The court observes, however, that the  
12 parties have not placed any upper limits on the amount Defendants will pay to Class  
13 members. (*See generally* Am. Agreement; *see also* 1/15/23 Turner Decl. ¶ 3 (estimating  
14 Defendants' maximum exposure as in excess of \$1.67 million if all Class members  
15 choose 5% refunds; \$3.34 million if all Class members choose 10% coupons; or \$33  
16 million if all Class members choose a full refund).) At this preliminary stage, the court  
17 concludes that the proposed fee request is reasonable and does not support a finding that  
18 the settlement is the product of a reverse auction.

19 To be sure, Intervenor's counsel and Defendants' counsel present very different  
20 narratives regarding their communications about the possibility of mediation and  
21 settlement. (*See* Resp. at 3-6; Defs. Reply at 5-7.) Intervenor's counsel assert that Defendants'  
22 counsel misled them into believing that Defendants might agree to mediation and

1 solicited a settlement proposal from them. (Resp. at 1, 5; 3/22/23 Joint Decl. (Dkt. # 38)  
2 ¶¶ 12-49.) Defendants’ counsel, meanwhile, denies these accusations and insists that his  
3 clients never entertained the thought of mediation and that he neither engaged in any  
4 substantive negotiations with nor solicited any bids from Intervenor’s counsel.<sup>2</sup> (Defs.  
5 Reply at 5-7; 3/31/23 Madonia Decl. ¶¶ 10-11 (stating that Defendants’ counsel was  
6 “keeping [Intervenor’s counsel] at a distance while attempting to finalize the settlement  
7 greatly underway with [Plaintiffs]”); *id.* ¶ 18 (stating Defendants never agreed to  
8 mediate); 3/31/23 Davis Decl. ¶ 14 (stating Defendants “had no interest in incurring the  
9 costs of engaging an outside mediator” after having achieved a settlement with  
10 Plaintiffs).) Although Intervenor’s counsel and Defendants’ counsel tell very different  
11 stories about their discussions, the court is satisfied, for the purpose of preliminary  
12 approval, that the undisputed facts demonstrate that proposed settlement is not the  
13 product of a reverse auction or otherwise the result of collusion. The court also  
14 preliminarily finds that the settlement is the result of arm’s length negotiations based on  
15 the declarations of counsel for Plaintiffs and Defendants, which indicate that the  
16 settlement was reached after informal discovery and several months of negotiation. (*See*  
17 *generally* 2/13/23 Turner Decl.; 3/31/23 Madonia Decl.)

18 In addition, the court preliminarily finds that the named Plaintiffs have adequately  
19 represented the Class by providing information to their attorneys about the relevant  
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21 <sup>2</sup> Although “the best practice of class action settlement negotiation is to undertake such  
22 talks . . . with the assistance of a neutral third party,” 4 Newberg and Rubenstein on Class  
Actions § 13:2 (6th ed.), the Federal Rules do not require the parties to engage in mediation to  
show that the settlement was non-collusive.

1 recordings, the technical aspects of the recording market, and the primary and secondary  
2 markets for the Applicable Records. (1/15/23 Turner Decl. ¶ 6.) The court also  
3 preliminarily concludes that the \$10,000 service awards that Plaintiffs will request do not  
4 undermine their adequacy as representatives because the settlement is not contingent on  
5 the court awarding the requested awards and the awards are not tied to the ultimate class  
6 recovery. *See Rodriguez v. West Publ'g Corp.*, 563 F.3d 948, 958-59 (9th Cir. 2009)  
7 (finding a conflict of interest between the named plaintiffs and the class where incentive  
8 awards were tied to the ultimate recovery in the case). There is nothing else in the record  
9 that suggests that the named Plaintiffs have not vigorously pursued relief on behalf of the  
10 class. *See Ellis v. Costco Wholesale Corp.*, 657 F.3d 970, 985-86 (9th Cir. 2011) (finding  
11 named plaintiff was an adequate representative where she shared interests with the class  
12 members and nothing suggested she would not vigorously pursue relief).

13 Accordingly, the Rule 23(e)(2)(A) and (B) factors weigh in favor of preliminary  
14 approval of the settlement.

15 2. Adequacy of Class Relief

16 Rule 23(e)(2)(C) requires the court to evaluate “whether the relief provided for the  
17 class is adequate, taking into account: (i) the costs, risks, and delay of trial and appeal;  
18 (ii) the effectiveness of any proposed method of distributing relief to the class, including  
19 the method of processing class-member claims; [and] (iii) the terms of any proposed  
20 award of attorney’s fees, including timing of payment.” Fed. R. Civ. P. 23(e)(2)(C).<sup>3</sup>

21 \_\_\_\_\_  
22 <sup>3</sup> Rule 23(e)(2)(C)(iv)—requiring the court to take into account any “agreement required to be identified under Rule 23(e)(3)” —is not at issue here.

1 Here, Intervenor contend that the relief the proposed settlement provides to the Class is  
2 inadequate for four reasons: (1) Plaintiffs’ counsel have misrepresented the scope of the  
3 proposed settlement class; (2) the full refund component of the proposed settlement is  
4 “illusory” because it will have little value to most Class members and the claims process  
5 is unduly cumbersome; (3) the refund and coupon components of the proposed settlement  
6 are inadequate, particularly when compared to Intervenor’s estimate of Defendants’  
7 liability; and (4) the risks of continuing with the lawsuit do not warrant a “significant  
8 discounting” of Plaintiffs’ claims. (Resp. at 7-19.) The court addresses each of  
9 Intervenor’s arguments in turn.<sup>4</sup>

10 *a. Scope of the Settlement Class*

11 Intervenor contend that Plaintiffs have been dishonest to the court about the  
12 limited scope of the Class. (*Id.* at 7-8.) They argue the Plaintiffs have (1) represented to  
13 the court that the Class is much larger than it is; (2) intentionally “circumscribed” the  
14 Class; and (3) provided for the full refund process to take place only after final approval  
15 in an effort to limit the amount paid out to the Class. (*Id.*)

16 The court is not persuaded by these arguments. First, Plaintiffs have not deceived  
17 the court as to the scope of the Class; to the contrary, the court has always understood  
18 that the Class is limited to original retail purchasers who still own their Applicable  
19 Records. (*See* Am. Agreement ¶ 4.28.) Indeed, individuals who purchased their

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21 <sup>4</sup> The court preliminarily concluded that Plaintiffs’ request for attorneys’ fees was  
22 reasonable above, in its discussion of the adequacy of representation. (*See supra* Section  
III.B.1.)

1 Applicable Records from other sources are expressly excluded from the Class definition.  
2 (*Id.*) Second, the court agrees with Plaintiffs that the limits placed on the Class make  
3 sense for commonality because Defendants either know or can ascertain the retail price of  
4 the recordings, the condition of the recordings, and the universe of retailers when the  
5 class is limited to original purchasers. (*See* Pls. Reply at 7-8.) Finally, as Plaintiffs point  
6 out, Intervenors’ complaint that the settlement provides for payment of full refunds only  
7 after final approval defies common sense. (*See* Resp. at 8; Pls. Reply at 8.) Requiring  
8 Class members to mail their Applicable Records to Defendant before the final approval  
9 hearing would result in unnecessary expense and delay to return the recordings if the  
10 court ultimately does not approve the settlement. The court is satisfied, for the purpose  
11 of preliminary approval, that the scope of the proposed settlement Class is reasonable.

12 *b. Full Refund Component*

13 Intervenors complain that the full refund component of the proposed settlement is  
14 “illusory” for three reasons: (1) it is unlikely that Class members will file claims for full  
15 refunds because the Applicable Records are not defective—they were “simply  
16 overpriced”; (2) the claims process is overly cumbersome, making it difficult for Class  
17 members to qualify for the full refund; and (3) the settlement excludes Class members  
18 who no longer possess their Applicable Records. (Resp. at 8-10.) Again, the court is not  
19 persuaded.

20 First, Intervenors argue that there is “no evidence” that the full refund component  
21 of the settlement will have any value to the Class members because it is unlikely that  
22 consumers would return “overpriced but otherwise functional” records. (Resp. at 8-9



1 (citing *Briseno v. Henderson*, 998 F.3d 1014, 1028 (9th Cir. 2021)).) Plaintiffs  
2 acknowledge, however, that it is likely that many Class members will choose to keep  
3 their records, particularly where the value of the records is higher on the secondary  
4 market than the original purchase price. (Pls. Reply at 9.) They explain that the  
5 settlement includes the partial refund and coupon options in order to compensate these  
6 Class members. (Pls. Reply at 9; Mot. at 3.) Defendants, meanwhile, point out that  
7 Intervenors’ own settlement proposal included a full refund component that required  
8 class members to return their records to receive the refund. (Defs. Resp. at 9 (citing  
9 3/31/23 Madonia Decl., Ex. 3 at 2).)

10         Second, Intervenors contend that the requirements to receive a full refund are  
11 overly cumbersome because they require the Class member to return the record with all  
12 of its original packaging, including shipping materials, in “complete and undamaged  
13 condition except for normal wear and tear.” (Resp. at 9.) Defendants explain, however,  
14 that the Amended Settlement Agreement requires only that the records be returned “in  
15 their original covers and/or boxes,” meaning the original record jacket or box set  
16 packaging, and does not require the original shipping materials. (Defs. Reply at 9-10  
17 (first citing Am. Agreement ¶ 5.1; and then citing 3/31/23 Davis Decl. ¶ 6).) With  
18 respect to “normal wear and tear,” Plaintiffs explain that the Amended Settlement  
19 Agreement instructs the Settlement Administrator to evaluate claims “under liberal terms  
20 to effect the settlement” and that older recordings are expected to have more “normal  
21 wear and tear” than newer recordings. (*Id.* at 9-10; *see* Am. Agreement ¶¶ 4.23(e)  
22 (requiring proof of purchase to be evaluated under liberal terms), 4.24(c) (requiring proof

1 of ownership to be evaluated under liberal terms); *see also* 3/31/23 Davis Decl. ¶ 6  
2 (explaining that “normal wear and tear” will be liberally construed because “records [are]  
3 meant to be played, listened to, and enjoyed”).)

4 Finally, as the court noted above, the settlement does not improperly bar Class  
5 members who no longer possess their Applicable Records from relief because individuals  
6 who no longer own the records individuals are expressly excluded from the Class  
7 definition. (*See supra* Section III.B.2.a; Am. Agreement ¶ 4.28.) Based on the  
8 foregoing, the court agrees with Plaintiffs and Defendants that although it may be  
9 unlikely that many Class members will choose a full refund, it is not an illusory benefit.

10 *c. Cash and Coupon Components*

11 Intervenors also contend that the cash and coupon components of the proposed  
12 settlement provide inadequate relief because they do not compare favorably to  
13 Intervenors’ estimate of Defendants’ potential liability at trial. (Resp. at 10-16.)  
14 Intervenors’ estimate, however, does not withstand scrutiny. Intervenors begin by  
15 assuming that the entire price difference between Defendants’ base-level “Silver Label”  
16 recordings (which they estimate retail for an average price of \$30.00) and the OMR and  
17 One-Step recordings is based solely on Defendants’ misrepresentation that the OMR and  
18 One-Step recordings were produced using analog-only mastering processes. (3/23/23  
19 Joint Decl. ¶¶ 53-54.) As a result, according to Intervenors, Defendants charged the  
20 Class members a “price premium” of \$12.16 for OMR recordings (which Intervenors  
21 estimate retailed for an average price of \$42.16) and a staggering \$90.59 for One-Step  
22 recordings (which Intervenors estimate retailed for an average price of \$120.59). (*Id.*)

1 Based on these purported price premiums, Intervenor's assert that Defendants' potential  
2 liability at trial is \$16.65 million, excluding statutory and treble damages. (*Id.* ¶ 56.)

3 Intervenor's estimate, however, ignores that the mastering process used is just one  
4 of many differences between the Silver Label recordings and the higher-priced OMR and  
5 One-Step recordings. For example, OMR recordings are made of heavier and costlier  
6 vinyl than the Silver Label recordings and are "produced using a more expensive  
7 manufacturing process, a more expensive and higher grade of packaging, a higher level  
8 of quality control, and a more exacting and time-consuming mastering process." (3/31/23  
9 Davis Decl. ¶ 8(a).) One-Step recordings, meanwhile, are double-album box sets made  
10 from even higher-grade vinyl than the OMR recordings and are produced using a "more  
11 time-consuming and vastly more expensive 'One-Step' plating and cutting process" than  
12 the OMR and Silver Label recordings. (*Id.* ¶¶ 8(b), (c).) In addition, each One-Step box  
13 set "includes additional, premium packaging, including the cover box itself, gold-foil  
14 stamping, inner liners and protective foam inserts, and other inserts and/or photos not  
15 otherwise available" in Defendants' other recordings. (*Id.* ¶ 8(d).) In light of these  
16 distinctions, it is nonsensical to attribute the entire difference in price between the Silver  
17 Label recordings and the OMR and One-Step recordings on Defendants' alleged  
18 misrepresentation that the OMR and One-Step recordings were produced without a  
19 digital processing step.

20 Because Intervenor's argument that the parties' proposed settlement provides  
21 inadequate relief relies almost entirely on their comparison of the settlement to their inapt  
22 valuation of the case (*see* Resp. at 10-16), the court rejects their attack on the adequacy of

1 relief. The court preliminarily concludes that the cash and coupon components of the  
2 settlement provide adequate relief to the Class.

3 *d. Risks of Trial and Appeal*

4 Finally, Intervenors argue that Plaintiffs have not established that the risks of trial  
5 and appeal do not warrant the “significant discounting” of their claims represented by the  
6 settlement agreement. (Resp. at 16-19.) Again, the court disagrees with Intervenors.  
7 Plaintiffs assert that their primary risk was not in establishing liability, but rather in  
8 proving damages because the value of the Applicable Records has increased over time.  
9 (Reply at 12 (citing 1/15/23 Turner Decl. ¶ 4).) Plaintiffs assert that Defendants’ OMR  
10 and One-Step recordings “are valued not only for their enhancement of the listening  
11 experience over traditional vinyl products and digital recordings, but also for their  
12 likelihood for enhanced value over time as a collectible item.” (1/15/23 Turner Decl.  
13 ¶ 4.) As a result, many of these recordings have a greater value on the secondary market  
14 than their original purchase price. (*Id.*; *see also* 3/31/23 Davis Decl. ¶ 7 (noting that  
15 many of Defendants’ records sell on secondary platforms such as Discogs and eBay for  
16 “much more than their purchase price”).) Indeed, at least some of the Applicable  
17 Records appear to have increased in value since July 2022, when Defendants’ president  
18 acknowledged the use of a digital processing step in producing the Applicable Records.  
19 (*see* 3/31/23 Turner Decl. ¶ 3 (listing resale offers on Discogs for a subset of Applicable  
20 Records as of March 31, 2023)), and Defendants’ president asserts that sales of the  
21 Applicable Records have *increased* since the five class action lawsuits were filed (*see*  
22 3/31/23 Davis Decl. ¶ 4). Therefore, the court agrees with Plaintiffs that they faced

1 substantial risks in proving that Class members were damaged by Defendants’ alleged  
2 representations that its OMR and One-Step recordings were produced using an all-analog  
3 mastering process.

4 3. Whether the Settlement Treats Class Members Equitably

5 Rule 23(e)(2)(D) requires the court to evaluate whether the settlement proposal  
6 “treats class members equitably relative to each other.” Fed. R. Civ. P. 23(e)(2)(D). The  
7 court concludes that it does. The Amended Settlement Agreement provides all Class  
8 members the same three forms of relief. (*See* Am. Agreement ¶ 5.1.) Aside from the  
9 request for service awards for the named Plaintiffs, the Amended Settlement Agreement  
10 does not include any provisions that would result in inequitable treatment of any Class  
11 members. (*See generally id.*); *see Rodriguez*, 563 F.3d at 958-59 (noting that incentive  
12 awards are “fairly typical” in class actions and are “intended to compensate class  
13 representatives for work done on behalf of the class”). Accordingly, the court concludes  
14 for the purpose of preliminary approval that the Amended Settlement Agreement treats  
15 the Class members equitably relative to one another.

16 In sum, the court concludes that Plaintiffs have demonstrated that the court “will  
17 likely be able to . . . approve the proposal under Rule 23(e)(2).” Fed. R. Civ. P.  
18 23(e)(1)(B)(i).

19 **C. Class Certification Requirements**

20 Having addressed the Rule 23(e)(2) factors, the court now evaluates whether the  
21 parties have shown that the court will likely be able to certify the Class for settlement  
22 purposes under Rule 23(a) and Rule 23(b)(3). Fed. R. Civ. P. 23(c)(1)(B)(ii).

1           1. Rule 23(a) Factors

2           Rule 23(a) establishes four prerequisites for class action litigation, which are:

3 (1) numerosity, (2) commonality, (3) typicality, and (4) adequacy of representation. Fed.  
4 R. Civ. P. 23(a). The court preliminarily concludes that these factors have been met.

5           First, numerosity is satisfied if “the class is so large that joinder of all members is  
6 impracticable.” Fed. R. Civ. P. 23(a)(1). Here, where the Class may include as many as  
7 40,000 direct and indirect purchasers of the Applicable Records (*see* 1/15/23 Davis Decl.  
8 ¶ 4), the court concludes that the numerosity requirement is met for settlement purposes.

9           Second, commonality requires the court to consider whether “there are questions  
10 of law or fact common to the class.” Fed. R. Civ. P. 23(a)(2). The claims of the  
11 proposed class must “depend upon a common contention . . . of such a nature that it is  
12 capable of classwide resolution.” *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 350  
13 (2011). The court preliminarily concludes that the commonality requirement is satisfied  
14 because all Class members experienced the same alleged injury based on their reliance on  
15 Defendants’ alleged misrepresentation that they used an all-analog mastering chain to  
16 produce the Applicable Records. (*See generally* Am. Compl.)

17           Third, typicality requires the court to consider whether “the claims or defenses of  
18 the representative parties are typical of the claims or defenses of the class.” Fed. R. Civ.  
19 P. 23(a)(3). This factor closely resembles the commonality factor and requires that the  
20 representatives be “part of the class and ‘possess the same interest and suffer the same  
21 injury’ as the class members.” *General Tel. Co. of the Southwest v. Falcon*, 457 U.S.  
22 147, 156-57 (1982). Here, Plaintiffs were direct customers of Defendants who purchased

1 Applicable Records in reliance on Defendants’ representations about the mastering  
2 process for those records. (Am. Compl. ¶¶ 31-32.) As with commonality, the court  
3 preliminarily finds that typicality is satisfied because Plaintiffs’ claims arose from the  
4 same alleged misrepresentations by Defendants that affected all of the members of the  
5 Class. (*See generally id.*)

6 Finally, adequacy requires the court to determine whether “the representative  
7 parties will fairly and adequately protect the interests of the class.” Fed. R. Civ. P.  
8 23(a)(4). To do so, “courts must resolve two questions: ‘(1) do the named plaintiffs and  
9 their counsel have any conflicts of interest with other class members and (2) will the  
10 named plaintiffs and their counsel prosecute the action vigorously on behalf of the  
11 class?’” *Ellis*, 657 F.3d at 985 (quoting *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1020  
12 (9th Cir. 1998), *overruled on other grounds by Dukes*, 564 U.S. at 350). The court  
13 addressed these questions above in its evaluation of Rule 23(e)(2)(A)’s adequacy of  
14 representation requirement. (*See supra* Section III.B.1.) Thus, the court also concludes,  
15 for the purpose of preliminary approval, that Rule 23(a)(4)’s adequacy requirement has  
16 been satisfied.

17 Having concluded that Plaintiffs have shown that it is likely that the court will be  
18 able to certify the class for settlement purposes under Rule 23(a), the court proceeds to  
19 evaluate whether they have also shown that certification is likely under Rule 23(b).

20 2. Rule 23(b)(3)

21 Plaintiffs seek certification of the settlement Class under Rule 23(b)(3), which  
22 requires the court to find “that the questions of law or fact common to class members

1 predominate over any questions affecting only individual members, and that a class  
2 action is superior to other available methods for fairly and efficiently adjudicating the  
3 controversy.” Fed. R. Civ. P. 23(b)(3); (*see* Mot. at 23-24). The court concludes that  
4 these requirements have been met for the purpose of conditional certification. First,  
5 common issues predominate because all of the Class members are alleged to have  
6 suffered the same injury based on the same alleged misrepresentations by Defendants.  
7 (*See generally* Am. Compl.) Second, because the Class may consist of approximately  
8 40,000 members, class resolution is superior to adjudicating numerous individual  
9 lawsuits regarding Defendants’ alleged misrepresentations.

10 In sum, the court concludes that the parties have shown that the court is likely to  
11 find that the settlement is “fair, reasonable, and adequate” under Rule 23(e)(2) and to  
12 certify the Class for settlement purposes under Rules 23(a) and 23(b)(3). Fed. R. Civ. P.  
13 23(c)(1)(B). Therefore, the court GRANTS Plaintiffs’ motion for preliminary approval  
14 of the parties’ class action settlement.

#### 15 IV. CONCLUSION

16 For the foregoing reasons, the court GRANTS Plaintiffs’ motion for preliminary  
17 approval of the parties’ class action settlement (Dkt. # 26). Accordingly, the court  
18 ORDERS as follows:

19 1. The court has jurisdiction over the subject matter of this action and personal  
20 jurisdiction over the parties and the Class.

21 2. The court finds that the Amended Settlement Agreement (2/2/23 Turner  
22 Decl. ¶ 2, Ex. 1) resulted from arm’s-length negotiations and is sufficient to warrant



1 notice thereof to members of the Class and scheduling of the final approval hearing.

2 3. The court preliminarily finds, for the reasons set forth above, that the  
3 Amended Settlement Agreement is fair, adequate, and reasonable pursuant to Federal  
4 Rule of Civil Procedure 23(e)(2).

5 4. The court preliminarily finds, for the reasons set forth above, that the  
6 requirements of Federal Rules of Civil Procedure 23(a) and 23(b)(3) are likely to be  
7 satisfied and therefore conditionally certifies the following Class:

8 All original retail consumers in the United States who, from March 19, 2007,  
9 through July 27, 2022 purchased, either directly from a Defendant or other  
10 retail merchants, new and unused Mobile Fidelity Sound Lab, Inc. (“MoFi”) vinyl recordings which were marketed by Defendants using the series  
11 labeling descriptors “Original Master Recording” and/or “Ultradisc One-Step,” that were sourced from original analog master tapes and which  
12 utilized a direct stream digital transfer step in the mastering chain, and provided that said purchasers still own said recordings (the “Applicable  
13 Records”). Excluded from the Class are persons who obtained subject  
14 Applicable Records from other sources.

15 5. The court appoints Kroll Settlement Administration LLC (“Kroll”) as the  
16 Settlement Administrator. Kroll shall fulfill the functions, duties, and responsibilities of  
17 the Settlement Administrator as set forth in the Amended Settlement Agreement and this  
18 Order.

19 6. The court appoints Plaintiffs Stephen J. Tuttle and Dustin Collman as Class  
20 representatives for settlement purposes only.

21 7. The court appoints Duncan Calvert Turner of Badgley Mullins Turner  
22 PLLC as Class counsel for settlement purposes only.

1           8.       The court approves the proposed forms of notice attached as Exhibits C and  
2 D to the Amended Settlement Agreement and the plan for giving notice to the Class as set  
3 forth in the Amended Settlement Agreement and the declaration of Jeanne C. Finegan  
4 (Dkt. # 27) (“Notice Plan”). The Notice Plan, in form, method, and content, fully  
5 complies with the requirements of Federal Rule of Civil Procedure 23(c)(2)(B) and due  
6 process, constitutes the best notice practicable under the circumstances, and is due and  
7 sufficient notice to all persons entitled thereto. The court finds that the Notice Plan is  
8 reasonably calculated to, under all circumstances, reasonably apprise the Class members  
9 of the pendency of this action, the terms of the Amended Settlement Agreement, the right  
10 to object to the settlement, and how to exclude themselves from the Class.

11           9.       Pursuant to Federal Rule of Civil Procedure 23(e)(2), a hearing will be held  
12 before this court to determine whether the Amended Settlement Agreement should be  
13 given final approval by the court; to consider the application for attorneys’ fees and  
14 expenses of Class counsel; to consider the application for service awards to Plaintiffs;  
15 and to rule on any other matters that the court may deem appropriate.

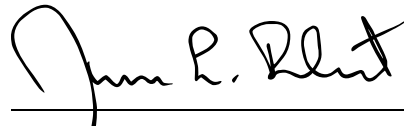
16           10.      The final approval hearing is scheduled for **Monday, October 30, 2023, at**  
17 **9:00 a.m.** before the Honorable James L. Robart at the United States District Court for  
18 the Western District of Washington, 700 Stewart Street, Suite 14106, Seattle, WA 98101.  
19 The court may change the date for the final approval hearing. If the court changes the  
20 hearing date, notice of such change shall be posted on the settlement website.

21           11.      This matter is STAYED until further order of this court, except for such  
22 proceedings that may be necessary to implement the settlement and this order.

1 12. The following deadlines shall govern proceedings through the final  
2 approval hearing:

3 Event	Days after Preliminary Approval	Date
4 Preliminary Approval Order	0	May 9, 2023
5 Notice Deadline	45	June 23, 2023
6 Plaintiffs' Counsel's Fee Motion Deadline	70 <sup>5</sup>	July 18, 2023
7 Exclusion/Objection Deadline	105	August 22, 2023
8 Claims Administrator's Filing of Exclusion Requests	112	August 29, 2023
9 Class Member Claim Form Submission Deadline	135	September 21, 2023
10 Parties' Final Approval Motion Deadline	150 <sup>6</sup>	October 6, 2023
11 Responses to Objections Deadline	150	October 6, 2023
<b>Final Approval Hearing</b>		<b>October 30, 2023</b>

12  
13 Dated this 9th day of May, 2023.

14  
15 

16 JAMES L. ROBART  
United States District Judge

17  
18 <sup>5</sup> The court changed the parties' proposed deadline for Plaintiffs' counsel to file their  
19 motion for attorneys' fees pursuant to Federal Rule of Civil Procedure 23(h), which provides that  
20 class members must have an opportunity to object to a motion for fees. Fed. R. Civ. P 23(h)(2);  
*see In re Mercury Interactive Corp. Sec. Litig.*, 618 F.3d 988, 995 (“[A] schedule that requires  
objections to be filed before the fee motion itself is filed denies the class the full and fair  
opportunity to examine and oppose the motion that Rule 23(h) contemplates.”).

21 <sup>6</sup> The court added 15 days to the parties' proposed deadline for the their final approval  
22 motion so that the parties can include the number of claims filed, the types of relief sought, and  
the total value of the settlement in their materials. (*See Mot.* at 25.)