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Experian credit reports class action settles for \$24 million

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SANTA ANA — A consumer class action against Orange County-based Experian Information Solutions Inc. has settled for \$24 million in what attorneys say is one of the largest settlements under the Fair Credit Reporting Act.

Senior U.S. District Judge Andrew J. Guilford granted the motion Monday, saying the \$8.4 million in attorney fees provision “potentially reflects fair compensation for undertaking this complex, risky, expensive, and time-consuming class action on a contingent fee-basis, particularly since both parties have been actively litigating this case since February 2016.”

“Still, a 35% award for attorney fees is on the higher side of potential recovery,” Guilford wrote. “With this concern in mind, plaintiff’s requested attorney fees will be reviewed further at the final approval stage when plaintiff’s counsel provides more information regarding the hours spent litigating this case.” *Reyes v. Experian Information Solutions, Inc.*, 16-00563 (C.D. Cal., filed March 25, 2016).

The single-claim case involved Experian’s failure to timely delete delinquent loan accounts reported by the now-defunct collections agency Delbert Services Corp. was involved in troubled high-interest loans orchestrated by its owner, John Reddam, through his other entity CashCall Inc.



Hon. Jay C. Gandhi (Ret.)

It’s part of an array of national litigation that arose in the loan program’s collapse, and it’s meant to address what plaintiffs’ attorneys described as Experian’s failure to ensure the accuracy of its credit reports.

Each of the approximately 56,375 eligible class members will receive at least \$270 “without having to take any action under the settlement,” according to a memo in support of the motion for preliminary approval.

Guilford issued his order after brief appearances by class counsel Daniel S. Robinson of Robinson Calcagnie Inc., and J. Austin Moore of Stueve

Siegel Hanson LLP in Kansas City, Missouri; and defense attorney Richard J. Grabowski of Jones Day. Grabowski did not oppose the motion.

The settlement follows the 9th U.S. Circuit Court of Appeals May 2019 reversal of a summary judgment in Experian’s favor, in which the panel disagreed with Guilford and said the reports at issue were indeed materially misleading because Experian knew consumers could no longer make the Delbert accounts current with Delbert no longer existing.

Norman E. Siegel of Stueve Siegel Hanson argued the case

in Pasadena before Judges Kim McLane Wardlaw, Mark J. Bennett and William K. Sessions III, a senior U.S. district judge from Vermont who was sitting by designation.

Siegel’s firm then enlisted Robinson as local counsel “to assist in the anticipated trial,” but attorneys reached a settlement in November after mediation with JAMS neutral Jay C. Gandhi, a retired U.S. magistrate judge.

Guilford’s preliminary approval order noted the negotiations with Gandhi “followed nearly three and a half years of hard-fought litigation.”

The deal occurred amid more 9th Circuit litigation: Grabowski’s Jones Day team petitioned for permission to appeal Guilford’s granting of class certification, which included anyone with an Experian credit report containing a delinquent Delbert account after Jan. 21, 2015. Both sides were “entrenched in their position,” according to the settlement memo, but Gandhi “made a final double-blind mediator’s proposal that was accepted by both sides” on Nov. 14.

Guilford told the attorneys Monday, “It’s been a nice ride since 2016.” He retires from the bench this Friday after 14 years, so “this might be my last rodeo,” he said.

“I really do commend both sides for your good work in this case, and I think justice is done,” Guilford said.

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