

**UNITED STATES DISTRICT COURT  
DISTRICT OF SOUTH DAKOTA  
SOUTHERN DIVISION**

**CRAIG PEDERSON** and **DAVID BROWN** on  
behalf of themselves and all others similarly  
situated,

Plaintiffs,

v.

**AAA COLLECTIONS, INC.,**

Defendant.

No. 4:22-cv-04166-RAL

Chief Judge Roberto A. Lange

**JOINT DECLARATION IN SUPPORT OF PLAINTIFFS' UNOPPOSED  
MOTION FOR ATTORNEY FEES, EXPENSES, AND SERVICE AWARDS**

We, Pamela Reiter of Reiter Law Firm LLC; Terence R. Coates and Dylan J. Gould of Markovits, Stock & DeMarco, LLC; Joseph Lyon of the Lyon Firm, LLC; and Raina Borrelli of Turke & Strauss, LLP, as Class Counsel, declare under penalty of perjury the following:

1. We are counsel for Plaintiffs Craig Pederson and David Brown ("Plaintiffs") in the above-captioned case.
2. This declaration supports Plaintiffs' Unopposed Motion for Attorney Fees, Expenses, and Service Awards. We have personal knowledge of the facts set forth in this declaration and could testify competently to them if called upon to do so.

**LITIGATION BACKGROUND AND THE WORK OF CLASS COUNSEL**

3. On December 1, 2022, Plaintiff Craig Pederson filed a class action lawsuit against AAA in the District Court for the District of South Dakota.
4. Before to filing these cases, Class Counsel spent significant time investigating the facts surrounding the data breach, interviewing breach victims, and researching the potential legal claims.

5. That case, styled *Pederson v. AAA Collections, Inc.*, Case No. 4:22-cv-04166, alleged that AAA failed to adequately safeguard the Private Information entrusted to it. In particular, that Complaint alleged claims for (1) negligence, (2) breach of implied contract, (3) breach of fiduciary duty, (4) unjust enrichment, and (5) declaratory judgment.

6. On February 3, 2023, AAA moved to dismiss Plaintiff's Complaint.

7. On February 24, 2023, Plaintiffs Craig Pederson and David Brown filed an Amended Complaint.

8. On March 28, 2023, AAA moved to dismiss Plaintiffs' Amended Complaint.

9. On April 14, 2023, Plaintiffs filed their Response to AAA's Motion to Dismiss.

10. On April 28, 2023, AAA filed a Reply Brief.

11. Thereafter, on June 5, 2023, this Court issued an Order setting the Motion to Dismiss for a hearing on June 20, 2023.

12. Recognizing the benefits of early resolution, on June 15, 2023, the Parties jointly moved the Court to stay all case deadlines to allow them to participate in private mediation.

13. On June 16, 2023, this Court granted the joint motion to stay all case deadlines and rescheduled the motion hearing for August 11, 2023.

14. Before mediation, the Parties engaged in intensive informal discovery, whereby AAA produced key information about the size and composition of the Settlement Class, the types of sensitive information compromised, and other information about the Data Incident. This helped the Parties fully understand the claims, defenses, and risks of continued litigation.

15. Thereafter, the Parties agreed to mediate the case with the highly respected mediator Jill R. Sperber, Esq. of Sperber Dispute Resolution.

16. In preparation for the mediation, both Parties prepared detailed mediation statements outlining their positions on the legal and factual claims at issue and their positions on the framework for resolution.

17. From the start, the parties agreed that they would not negotiate attorney fees or service awards until after they reached an agreement on the core terms of the settlement. As such, Plaintiffs avoided conflict between themselves and Class Members.

18. On August 9, 2023, the Parties engaged in a full-day mediation with Jill R. Sperber, Esq. The mediation was highly contested. And counsel for both sides advanced their respective arguments zealously—while continuing to demonstrate their willingness to litigate the case further.

19. With the assistance of Jill R. Sperber, the Parties were able to reach an agreement on the material terms of the Settlement.

20. The Settlement was reached only after extensive analysis of the relevant facts and law; the settlement is the result of arm's-length negotiations. Moreover, the Parties did not discuss any fees, expenses, or service awards until the essential terms of the Settlement were already agreed upon.

21. In the following weeks, the Parties continued to engage in zealous negotiations over the remaining terms. Though cordial and professional, the settlement negotiations were adversarial, arm's length, and non-collusive in nature.

22. Notably, pursuant to the Settlement, AAA enhanced its data security and will provide a confidential declaration to Settlement Class Counsel detailing those changes.

23. And AAA has agreed to pay for these enhancements *separate and apart* from the Settlement's other benefits.

24. Thereafter, Class Counsel began preparing a motion for preliminary approval and solicited and negotiated bids for the settlement administration and notice work, ultimately selecting Analytics Consulting LLC.

25. On October 6, 2023, the Parties filed an Unopposed Motion for Preliminary Approval. And on October 16, 2023, this Court granted Preliminary Approval.

26. After the entry of the preliminary approval order, Class Counsel worked with the Settlement Administrator, Analytics Consulting LLC, and counsel for Defendant to finalize the notices and claim forms, approve the Settlement website, and approve the script for the Settlement telephone line. Class Counsel anticipates spending additional time working with Analytics Consulting LLC throughout the notice and claims process on behalf of the Settlement Class.

27. We, and other attorneys at our firms, have devoted significant time and resources to this case to date, including, *inter alia*:

- a. Investigating the facts regarding Plaintiffs' claims and class members claims;
- b. Researching law relevant to, and preparing Plaintiffs' class action complaints;
- c. Preparing for and attending mediation with Jill R. Sperber, including researching and preparing a detailed mediation statement;
- d. Negotiating and preparing the Parties' class action settlement agreement, along with the proposed class notice and claim form;
- e. Negotiating with settlement administration companies to secure the best notice plan practicable;

- f. Preparing Plaintiffs' motion for preliminary approval of the class action settlement and preparing a detailed declaration in support;
- g. Working with the Settlement Administrator to ensure the timely completion of Notice and processing of claims;
- h. Closely monitoring evolving law regarding data security and its potential impacts on the case; and
- i. Conferring with Plaintiffs throughout the case.

### **CONTINGENT NATURE OF THE ACTION**

28. Our firms took on this case on a purely contingent basis.

29. This matter has required us, and other attorneys at our firms, to spend time on this litigation that could have been spent on other matters. At various times during the litigation of this class action, this lawsuit has consumed significant amounts of our time and our firms' time.

30. Such time could otherwise have been spent on other fee-generating work. Because we undertook representation of this matter on a contingency-fee basis, we shouldered the risk of expending substantial costs and time in litigating the action without any monetary gain in the event of an adverse judgment.

31. If not devoted to litigating this action, from which any remuneration to us is wholly contingent on a successful outcome, the time we spent working on this case could and would have been spent pursuing other potentially fee generating matters.

32. Litigation is inherently unpredictable and therefore risky. Therefore, despite our devotion to the case and our confidence in the claims alleged against Defendant, there were many factors beyond our control that posed significant risks.

33. Further, a successful outcome could only ensue, if at all, after prolonged and arduous litigation with an attendant risk of drawn-out appeals. Among national consumer protection class action litigation, data breach cases are some of the most complex and involve a rapidly evolving area of law. As such, these cases are particularly risky for plaintiffs' attorneys.

### **LODESTAR, FEES, AND EXPENSES**

34. The regular practice at each of our firms is to maintain contemporaneous time records. And the billable rates for our firms are consistent with rates billed for similar legal services.<sup>1</sup>

35. Through December 29, 2023, our firms worked a total of 373.6 hours on this case, incurring fees of \$213,579.34. This fee amount is supported by the lodestar breakdown (detailed *infra*).

36. Here, Class Counsel requests attorney fees of \$288,333.33—which equates to a modest lodestar multiplier of 1.35.

37. We estimate that we will spend approximately 40 more hours by the close of this action in connection with drafting the final approval motion, preparing for argument at the final approval hearing, and miscellaneous matters, including responding to class member inquiries and claims administration.

38. Upon request, we can provide detailed contemporaneous records to the Court for review.

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<sup>1</sup> 2020 Class Action Hourly Rate Survey, NALFA (March 4, 2020) <https://www.thenalfa.org/blog/survey-class-action-defense-rates-keep-pace-with-plaintiffs-rates-in-2020/#:~:text=The%20NALFA%20survey%20shows%20that,than%20%24200%20and%20over%20%241%2C200> (listing hourly rates up to \$1,200 per hour for class actions).

39. All books and records in this case regarding costs expended were maintained in the ordinary course of business, from expense vouchers and check records. We have reviewed the records of costs expended in this matter.

40. Through December 29, 2023, we have incurred \$12,889.86 in reasonable expenses necessary to the litigation, which include filing fees, research expenses, and mediation costs. Additionally, we estimate that we may incur an additional \$2,000.00 in expenses associated with travel for the final approval hearing. Each firm's expenses are identified below.

**Turke & Strauss LLP**

41. Through December 29, 2023, Turke & Strauss LLP has worked a total of 136.2 hours on this case, incurring fees of \$70,563.50.

42. A summary indicating the amount of time expended by the partners, associates, and professional support staff of Turke & Strauss LLP involved in the litigation is set forth below:

<b>Personnel</b>	<b>Position</b>	<b>Rate</b>	<b>Hours</b>	<b>Total</b>
Raina Borrelli	Partner	\$600 (through 6/30/23)  \$700 (starting 7/1/2023)	29.8	\$19,950.00
Sam Strauss	Partner	\$700	26.30	\$18,410.00
Carolyn Chen	Attorney	\$400	22.6	\$9,040.00
Andrew Gunem	Attorney	\$400	55.6	\$22,240.00
Brittany Resch	Attorney	\$475	.2	\$95.00
Zog Begolli	Attorney	\$425	.1	\$42.50
Rachel Pollack	Paralegal	\$225	.2	\$45.00
Rudis Requeno	Legal Assistant	\$150	.5	\$75.00
Jack Rader	Legal Assistant	\$150	.9	\$135.00
<b>TOTAL</b>			<b>136.2</b>	<b>\$70,563.50</b>

43. Through December 29, 2023, Turke & Strauss LLP has incurred \$531.00 in reasonable expenses necessary to the litigation.

<b>Expense Type</b>	<b>Amount</b>
Filing Fee	\$402.00
Process Service	\$129.00
<b>TOTAL</b>	<b>\$531.00</b>

**Reiter Law Firm, LLC**

44. Through December 21, 2023, Reiter Law Firm, LLC has worked a total of 35.2



hours on this case, incurring fees of \$13,282.34.

45. A summary indicating the amount of time expended by the partners, associates, and professional support staff of Reiter Law Firm, LLC involved in the litigation is set forth below:

<b>Personnel</b>	<b>Position</b>	<b>Rate</b>	<b>Hours</b>	<b>Total</b>
Pamela Reiter	Partner	\$ 425	23.60	\$10,030.00
Anthony Sutton	Partner	\$ 275	6.60	\$1,815.00
Natalie Perry	Paralegal	\$ 125	5.00	\$625.00
South Dakota Sales Tax Assessed on Services				\$799.84
<b>TOTAL</b>			<b>35.20</b>	<b>\$ 13,269.84</b>

46. Through December 21, 2023, Reiter Law Firm, LLC has incurred \$483.42 including the assessed South Dakota Sales Tax, for copies and online research in reasonable expenses necessary to the litigation.

**Markovits, Stock & DeMarco, LLC**

47. Through December 29, 2023, Markovits, Stock & DeMarco, LLC has worked a total of 144.50 hours on this case, incurring fees of \$85,338.50.

48. A summary indicating the amount of time expended by the partners, associates, and professional support staff of Markovits, Stock & DeMarco, LLC involved in the litigation is set forth below:

<b>Personnel</b>	<b>Position</b>	<b>Rate</b>	<b>Hours</b>	<b>Total</b>
Terence R. Coates	Managing Partner	\$835	42.7	\$35,654.50
Dylan J. Gould	Associate	\$530	70.2	\$37,206.00
Jonathan T. Deters	Associate	\$530	6.2	\$3,286.00
Spencer D. Campbell	Associate	\$375	23.6	\$8,850.00
Ashley S. Paver	Paralegal	\$190	1.3	\$247.00
Brandy Mathews	Paralegal	\$190	.5	\$95.00
<b>TOTAL</b>			<b>144.50</b>	<b>\$ 85,338.50</b>

49. Through December 29, 2023, Markovits, Stock & DeMarco, LLC has incurred \$11,240.77 in reasonable expenses necessary to the litigation.

<b>Expense Type</b>	<b>Amount</b>
Mediation expenses	\$9,375.00
Copies	\$35.40
Filing Fees	\$503.07
Travel	\$1,327.30
<b>TOTAL</b>	<b>\$11,240.77</b>

### **The Lyon Firm, LLC**

50. Through December 29, 2023, The Lyon Firm, LLC has worked a total of 57.7 hours on this case, incurring fees of \$ 44,395.00.

51. A summary indicating the amount of time expended by the partners, associates, and professional support staff of The Lyon Firm, LLC involved in the litigation is set forth below:

<b>Personnel</b>	<b>Position</b>	<b>Rate</b>	<b>Hours</b>	<b>Total</b>
Lyon, Joseph	Partner	\$ 875	25.0	\$ 21,860.00
Watson, Clint	Of Counsel	\$ 750	25.9	\$ 19,425.00
Cox, Kevin	Associate	\$ 575	4.8	\$ 2,760.00
Coulter, Keianna	Paralegal	\$ 175	2.0	\$ 350.00
<b>TOTAL</b>			<b>57.7</b>	<b>\$44,395.00</b>

52. Through December 29, 2023, The Lyon Firm, LLC has incurred \$634.67 in reasonable expenses necessary to the litigation.

<b>Expense Type</b>	<b>Amount</b>
Mediation expenses	\$634.67
<b>TOTAL</b>	<b>\$634.67</b>

Pursuant to 28 U.S.C. § 1746, we declare and sign under penalty of perjury of the United States of America that the foregoing is true and correct.

Executed on January 2, 2024.

Date: January 2, 2024

Respectfully submitted,

/s/ Pamela R. Reiter

Pamela R. Reiter

Anthony P. Sutton

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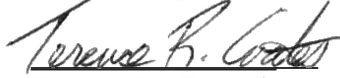
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Respectfully submitted,



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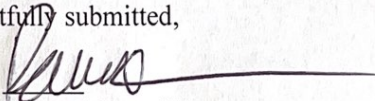
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