

1 Eric H. Gibbs (SBN 178658)
2 David Stein (SBN 257465)
3 **GIBBS LAW GROUP LLP**
4 505 14th Street, Suite 1110
5 Oakland, California 94612
6 Telephone: (510) 350-9700
7 Facsimile: (510) 350-9701
8 ehg@classlawgroup.com
9 ds@classlawgroup.com

7 Joseph G. Sauder (*pro hac vice*)
8 Matthew D. Schelkopf (*pro hac vice*)
9 **MCCUNEWRIGHT LLP**
10 1055 Westlakes Drive, Suite 300
11 Berwyn, Pennsylvania 19312
12 Telephone: (610) 200-0581
13 jgs@mccunewright.com
14 mds@mccunewright.com

15 *Co-Lead Interim Class Counsel*

16
17 **UNITED STATES DISTRICT COURT FOR THE**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **SAN JOSE DIVISION**

20 IN RE : HYUNDAI SONATA ENGINE
21 LITIGATION

22 Case No. 5:15-cv-1685-BLF

23 **PLAINTIFFS' NOTICE OF MOTION**
24 **AND MOTION FOR FINAL APPROVAL OF**
25 **CLASS ACTION SETTLEMENT**

26 Date: December 15, 2016

27 Time: 2:00 p.m.

28 Judge: Hon. Beth Labson Freeman

Courtroom: 3

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NOTICE OF MOTION 1

MEMORANDUM OF POINTS AND AUTHORITIES..... 2

I. INTRODUCTION 2

II. OVERVIEW OF THE LITIGATION AND PROPOSED SETTLEMENT..... 3

 A. The Litigation and Settlement Negotiations 3

 B. Overview of the Proposed Settlement..... 5

 1. The Proposed Settlement Class..... 5

 2. Warning Drivers About Stalling 6

 3. Warranty Extension for Free Inspections and Repairs: 7

 4. Reimbursements for Past Vehicle Repairs:..... 8

 5. Reimbursements for Rental Cars and Towing Services 9

 6. Compensation for Trade-Ins and Sales 10

 7. Attorney Fees, Costs, and Service Awards 10

 8. Mutual Release..... 11

III. ARGUMENT 11

 A. The Settlement Merits Final Approval. 11

 i. The Strength of the Plaintiffs’ Case..... 12

 ii. The Risk, Expense, Complexity, and Likely Duration of Further Litigation ... 13

 iii. The Risk of Maintaining Class Action Status Through Trial 13

 iv. The Amount Offered In Settlement 14

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

v. The Extent of Discovery Completed and the Stage of Proceedings 14

vi. The Experience and Views of Counsel..... 15

vii. The Presence of a Governmental Participant..... 15

viii. The Reaction of Class Members 16

ix. Lack of Collusion Among the Parties..... 16

B. The Settlement Class Satisfies Rule 23. 17

1. The Settlement Class Meets The Requirements of Rule 23(a). 18

2. The Settlement Class Meets The Requirements Of Rule 23(b)(3). 19

IV. CONCLUSION..... 19

TABLE OF AUTHORITIES

Cases

1
2
3 *Acosta v. Trans Union, LLC*,
4 243 F.R.D. 377 (C.D. Cal. 2007) 13

5 *Amchem Prods. v. Windsor*,
6 521 U.S. 591 (1997)..... 19

7 *Chamberlan v. Ford Motor Co.*,
8 223 F.R.D. 524 (N.D. Cal. 2004)..... 19

9 *Churchill Village, LLC v. General Electric*,
10 361 F.3d 566 (9th Cir. 2004) 12

11 *Cotter v. Lyft, Inc.*,
12 No. 13-CV-04065-VC, --- F. Supp. 3d ----, 2016 WL 3561742 (N.D. Cal. June 23, 2016) 2

13 *G. F. v. Contra Costa Cty.*,
14 No. 13-CV-03667-MEJ, 2015 WL 4606078 (N.D. Cal. July 30, 2015)..... 17

15 *Hanlon v. Chrysler Corp.*,
16 150 F.3d 1011 (9th Cir. 1998) 18, 19

17 *In re Bluetooth Headset Products Liab. Litig.*,
18 654 F.3d 935 (9th Cir. 2011) 16

19 *In re Gen. Motors Corp. Pickup Truck Fuel Tank Products Liab. Litig.*,
20 MDL 961, 1993 WL 204116 (E.D. Pa. June 10, 1993) 16

21 *In re GMC Pick-Up Truck Fuel Tank Prods. Liab. Litig.*,
22 55 F.3d 768 (3d. Cir. 1995)..... 13

23 *Linney v. Cellular Alaska P'ship*,
24 151 F.3d 1234 (9th Cir. 1998) 13

25 *MacDonald v. Ford Motor Co.*,
26 No. 13-CV-02988-JST, 2016 WL 3055643 (N.D. Cal. May 31, 2016) 17

27 *Mazza v. Am. Honda Motor Co.*,
28 666 F.3d 581 (9th Cir. 2012) 13

Rodriguez v. West Publ'g Corp.,
563 F.3d 948 (9th Cir. 2009) 11

Schuchardt v. Law Office of Rory W. Clark,
314 F.R.D. 673 (N.D. Cal. 2016)..... 17

1 *Smith v. Am. Greetings Corp.*,
 2 No. 14-CV-02577-JST, 2016 WL 362395 (N.D. Cal. Jan. 29, 2016) 17

3 *Tadepalli v. Uber Techs., Inc.*,
 4 No. 15-CV-04348-MEJ, 2016 WL 1622881 (N.D. Cal. Apr. 25, 2016) 17

5 *Wolin v. Jaguar Land Rover N. Am., LLC*,
 6 617 F.3d 1168 (9th Cir. 2010) 18, 19

7 **Rules**

8 Fed. R. Civ. P. 23(a) 16, 17

9 Fed. R. Civ. P. 23(a)(1)..... 17

10 Fed. R. Civ. P. 23(b)(1), (2) or (3)..... 17

11 Fed. R. Civ. P. 23(e)(2)..... 10

12 Rule 23(b)(3)..... 17

13 Rule 23(f)..... 12

14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25
 26
 27
 28

1 **NOTICE OF MOTION**

2 PLEASE TAKE NOTICE that on December 15, 2016, at 2:00 p.m. before the Honorable Beth
3 Labson Freeman in Courtroom 3, 5th Floor of the United States District Court for the Northern District
4 of California, San Jose Division, located at 280 South 1st Street, San Jose, California 95113, Plaintiffs
5 Elizabeth Mendoza and Beth Graham will and hereby do move for an order of the Court to finally
6 approve the proposed class-wide settlement entered into by the parties and preliminarily approved by
7 the Court on July 8, 2016 [ECF No. 67].

8 Plaintiffs' motion is based on this notice; the accompanying Memorandum of Points and
9 Authorities; the previously-filed declaration of Eric H. Gibbs, dated April 14, 2016 [ECF No. 57-1]; the
10 accompanying declarations of Steve Lopez and Sandy Zielomski; the Proposed Final Order and
11 Judgment; and all other papers filed and proceedings had in this action.

12 DATED: September 28, 2016

Respectfully submitted,

13 By: /s/ Eric H. Gibbs

14 Eric H. Gibbs
15 David Stein
16 **GIBBS LAW GROUP LLP**
17 505 14th Street, Suite 1110
18 Oakland, California 94612
19 Telephone: (510) 350-9700
20 Facsimile: (510) 350-9701

21 Joseph G. Sauder (*pro hac vice*)
22 Matthew D. Schelkopf (*pro hac vice*)
23 **MCCUNEWRIGHT LLP**
24 1055 Westlakes Drive, Suite 300
25 Berwyn, Pennsylvania 19312
26 Telephone: (610) 200-0581

27 *Co-Lead Interim Class Counsel*

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 When Plaintiffs moved for preliminary approval of their proposed class action settlement, they
4 addressed each of the “*Churchill* factors” that the Court would need to consider at the final approval
5 stage. (4/14/16 Mem. [ECF No. 57] at 13-18.) This front-loaded approach to settlement approval has
6 several advantages. Most notably, it helps ensure that the parties and the Court do not “waste a great
7 deal of money and time notifying class members of the agreement, only to see it rejected in the end,
8 requiring the parties to start over.” *Cotter v. Lyft, Inc.*, No. 13-CV-04065-VC, --- F. Supp. 3d ----, 2016
9 WL 3561742, at *4 (N.D. Cal. June 23, 2016).

10 The Court granted Plaintiffs’ motion for preliminary approval in July and directed that Hyundai
11 notify class members of the proposed settlement on or before today, September 28, 2016. (7/8/16
12 Prelim. App. Order [ECF No. 67], ¶¶ 4, 8.) Hyundai began mailing class notice on August 15, 2016,
13 and has reported to Plaintiffs that the last of its mailings will be completed today. The settlement has
14 generated a great deal of interest among class members. At least 60% of 2011-2012 Sonata owners
15 (who also received a prior recall notice) have already taken advantage of the inspection and repair
16 procedure negotiated by the parties. (Lopez Decl., Ex. 2.) And over the six weeks that Hyundai was
17 mailing class notices, more than 200 class members have contacted class counsel regarding the
18 settlement. (Lopez Decl., ¶ 4.) The vast majority of class members are pleased with the settlement and
19 contacted class counsel because they wanted to ensure they understood how to receive the settlement’s
20 benefits. (*Id.*, ¶ 4.) Class counsel is continuing to speak with more class members each day, as well as
21 working to resolve the individualized logistical issues that are bound to arise with a settlement of this
22 scope. We expect those efforts to continue over the next few months and will provide the Court with a
23 further report of the overall class reaction to the settlement after class members have been afforded a
24 full opportunity to express their views.

25 Although the Court cannot fully assess the class’s reaction to the settlement until after the
26 November 7th objection and opt-out deadline, the other *Churchill* factors continue to favor settlement
27 approval. The settlement squarely addresses the engine defect alleged in Plaintiffs’ class action
28 complaints—providing Sonata owners with free engine inspections and repairs, an extended warranty,

1 and full reimbursements for past repair, towing, and rental car expenses. This relief matches or exceeds
2 what Sonata owners could reasonably expect to receive through a trial, and it does so in a far timelier
3 manner—while most class members still own their Sonatas and can most benefit from engine repairs.
4 The settlement overview and analysis of the *Churchill* factors that follow are largely the same as
5 Plaintiffs presented at the preliminary approval stage. In Plaintiffs’ view, nothing has changed since
6 preliminary approval that would alter the *Churchill* analysis, and they accordingly request that the
7 Court affirm its preliminary findings and finally approve the parties’ proposed settlement.

8 **II. OVERVIEW OF THE LITIGATION AND PROPOSED SETTLEMENT**

9 **A. The Litigation and Settlement Negotiations**

10 This litigation involves two consolidated class actions, both of which alleged that the 2011-2014
11 model year Hyundai Sonata was sold with a defective engine. *Mendoza v. Hyundai Motor Co., Ltd.*,
12 No. 5:15-cv-1685 (N.D. Cal.), ECF No. 1; *Graham v. Hyundai Motor Am., Inc.*, No. 5:15-cv-2071
13 (N.D. Cal.), ECF No. 1. Plaintiff Mendoza filed her suit on April 14, 2015. (*Mendoza* Compl., ECF
14 No. 1.) She alleged that her 2011 Hyundai Sonata began to exhibit a loud knocking noise in the engine
15 and that her Hyundai dealership told her one of the pistons had blown out. (*Id.*, ¶ 19.) The dealership
16 refused to cover the necessary engine repairs under warranty—leaving Ms. Mendoza to pay a local
17 mechanic \$3,000 to replace her engine. (*Id.*, ¶¶ 20-21.) Plaintiff Graham, who filed suit on May 7,
18 2015, also suffered an engine failure. (*See Graham* Compl., ECF No. 1.) While Ms. Graham’s
19 husband was driving their 2011 Sonata in rush-hour traffic, the engine seized and turned off. (*Id.*, ¶ 23)
20 Fortunately, Mr. Graham was able to coast to the side of the highway and call a tow truck. (*Id.*, ¶ 24.)
21 Hyundai eventually agreed to pay for part of the required engine repair as a “goodwill gesture,” but Ms.
22 Graham still had to pay \$2,000 for the engine repair, \$800 for a rental car while her Sonata was being
23 repaired, and about \$150 for towing and the initial diagnosis. (*Id.*)

24 Before filing suit, Plaintiffs’ counsel reviewed over one hundred complaints from Sonata
25 owners, spoke with dozens of these Sonata owners and reviewed their repair documentation, and paid
26 expert consultants to help assess the range of symptoms and possible causes. (4/14/16 Gibbs Decl.
27 [ECF No. 57-1], ¶ 3.) Based on their respective investigations, Plaintiffs’ counsel believed that the
28 engine failures experienced by Ms. Mendoza, Ms. Graham, and hundreds of other Sonata owners were

1 related. They alleged that a common defect in the vehicles’ rotating assembly—in particular, the
2 lubrication channels within the connecting rods and other parts of the assembly—was responsible for
3 the various symptoms and eventual engine failures experienced by Sonata owners. (*Mendoza* Compl.,
4 ¶¶ 49-57; *Graham* Compl., ¶¶ 11-15.) That defect can lead to irregular engine noises, illumination of
5 the low-oil or check-engine lights, engine stalls while driving, and permanent engine seizures.
6 (*Mendoza*, ¶¶ 49-60; *Graham*, ¶¶ 9-21.) And when the defect manifests, it typically requires
7 replacement of the “short block” engine, which costs several thousand dollars, though in some
8 instances mechanics have performed other repairs, such as replacing the vehicle’s battery, starter, or its
9 much more expensive “long block” engine. (4/14/16 Gibbs Decl., ¶ 4.)

10 By selling Sonata vehicles without disclosing that the engines were defective, Plaintiffs
11 contended that Hyundai violated California’s consumer protection statutes and common law.
12 (*Mendoza*, ¶¶ 88-159; *Graham*, ¶¶ 38-50.) Plaintiffs also alleged that Hyundai breached its warranty
13 obligations, as Hyundai frequently blamed owners for causing the engine failures by not properly
14 maintaining or servicing their vehicles. (*Mendoza*, ¶¶ 68, 88-159; *Graham*, ¶¶ 38-50.) According to
15 Plaintiffs’ complaints, this allowed Hyundai to shift the cost of repairs—often thousands of dollars
16 each—to drivers and, in some instances, caused vehicle owners to sell or trade in their vehicles at
17 losses because they couldn’t afford the repairs. (*Mendoza*, ¶ 75; *Graham*, ¶ 14.)

18 After coordinating the two proceedings, Plaintiffs began discussing the merits of their case with
19 Hyundai. (4/14/16 Gibbs Decl., ¶ 4.) Based on their conversations with class members and the
20 likelihood that engine failures would continue to mount, counsel knew that time was of the essence for
21 Sonata owners and expended a considerable amount of time convincing Hyundai to address this issue
22 sooner rather than later. In the summer and fall of 2015, counsel for the parties met in person and by
23 telephone to discuss the merits and potential for resolution. (*Id.*, ¶ 4-6.) As part of those meetings, an
24 engineering representative from Hyundai was present, allowing for candid and highly informed
25 discussions regarding Plaintiffs’ allegations and Hyundai’s defenses. (*Id.*, ¶ 5.) During this process,
26 Plaintiffs continued to confer with their own automotive consultant about the information they were
27 learning. (*Id.*, ¶ 5.) And as the parties continued their discussions, it became clear that there was
28 significant potential for resolution of the litigation. (*Id.*, ¶ 5.)

1 The first step of the parties’ negotiated resolution occurred in September 2015, when Hyundai
2 agreed to conduct a voluntary recall of 470,000 vehicles, roughly half of vehicles at issue—the 2011
3 and 2012 model year Sonatas. (*Id.*, ¶ 6.) As Hyundai acknowledges in the Settlement Agreement, this
4 recall “represents part of the consideration to the Class in exchange for the settlement of this Action,”
5 though pursuant to federal law the recall will be overseen by the National Highway Traffic Safety
6 Administration (“NHTSA”). (*Id.*, Ex. 1, Sec. II.B.1.) The recall warns drivers of the potential danger
7 caused by the engine defect, notifies drivers of the availability of inspections and repairs, and offers
8 both an extended warranty and reimbursements for prior repair costs. (*Id.*, ¶ 6.)

9 The remainder of the parties’ negotiated resolution was reached after formal mediation before
10 Hon. James P. Kleinberg (Ret.) of JAMS, which took place on October 29, 2015. (*Id.*, ¶ 7.) At the
11 mediation, the parties were able to reach agreement on a large majority of the terms of the eventual
12 settlement. (*Id.*, ¶ 7.) During the months that followed, the parties continued to negotiate the final
13 details of the benefits to the proposed class and the mutual releases, and finalized the supporting
14 documents such as the class notice and claim form. (*Id.*, ¶ 8.) The parties also reached an agreement as
15 to a reimbursement of Plaintiffs’ attorney’s fees and costs, as well as modest service awards to the class
16 representatives. (*Id.*, ¶ 12.) The details of the settlement follow below.

17 **B. Overview of the Proposed Settlement**

18 **1. The Proposed Settlement Class**

19 The parties’ settlement contemplates relief for the following proposed settlement class:

20 All owners and lessees of a Class Vehicle who purchased or leased the Class Vehicle in
21 the United States, excluding the territories, or abroad while on active military duty

22 (Lopez Decl., Ex. 1 (“Settlement”), Sec. I.D.) The term “Class Vehicles,” used throughout the
23 settlement agreement and in the class definition, refers to “all 2011, 2012, 2013, and 2014 model year
24 Hyundai Sonata vehicles factory equipped with a Theta II 2.0-liter or 2.4-liter gasoline direct injection
25 engine, which was purchased or leased in the United States, excluding the territories, or abroad while a
26 Class member was on active military duty.” (*Id.*, Sec. 1.F.) Excluded from the Class are any claims for
27 death, personal injury, property damage, and subrogation; Defendants and all affiliates, related entities,
28 and personnel; and any judge to whom this action is assigned as well as their relations. (*Id.*, Sec. I.D.)

1 This settlement class is broader than the class initially proposed in the *Mendoza* complaint
2 (which defined class vehicles to include only 2011-2012 vehicles), and narrower than that proposed in
3 the *Graham* complaint (which defined class vehicles to include 2011-2015 vehicles). (*See Mendoza*, ¶
4 1; *Graham*, ¶ 26.) Most of the engine failures experienced to date have occurred in 2011 and 2012
5 Sonatas, which is why the recall is directed at those vehicles. (4/14/16 Gibbs Decl., ¶ 3.) The 2015
6 Sonata underwent material engine changes prior to its release and, as a result, is not expected to have
7 similar problems. (*Id.* at ¶ 10.) But the 2013 and 2014 Sonatas were released before these engine
8 changes were made, and as more of those vehicles reach 60,000 to 90,000 miles, Plaintiffs anticipate
9 that they too will experience engine failures and so have negotiated for them to be treated the same as
10 the 2011 and 2012 model years. (*Id.* at ¶ 10.) The benefits described below will therefore be available
11 to all class members, regardless of whether they own vehicles covered by the NHTSA-supervised
12 recall.

13 2. Warning Drivers About Stalling

14 The settlement contains a variety of measures to ensure class members are adequately warned
15 about possible engine failure, which can be particularly hazardous if it occurs without warning or while
16 in traffic. Under the settlement, Hyundai will be responsible for bearing the full cost of these notices:

- 17 ▪ Recall Notices: As part of the NHTSA recall process, owners and lessees of the 2011-
18 2012 Class Vehicles have been sent notices by mail pursuant to the recall initiated in
19 September 2015, warning of engine stalling and encouraging class members to obtain
20 vehicle inspections. (4/14/16 Gibbs Decl., ¶ 6, Ex. 2.)
- 21 ▪ Class Notice by Direct Mail: Hyundai is also paying to disseminate a long form
22 notice, which warns about potential engine stalling and encourages class members to
23 schedule the free inspection provided by the settlement. (*See Long Form Notice*,
24 Settlement Agreement, Ex. A [ECF No. 57-1]; Amended Long Form Notice, 7/8/16
25 Prelim. App. Order, Ex. A [ECF No. 67].) The notice is being sent by direct U.S.
26 mail, after using registration data to update the names and most current addresses of
27 Class Vehicle owners through state agencies. (Settlement, Sec. IV.C.1.)

- 1 ▪ Class Notice by Email: Hyundai is also emailing the class notice to all class members
2 for whom it possesses email addresses. (*Id.*, Sec. IV.C.2.)
- 3 ▪ Color Pamphlet to be Kept with the Owner’s Manual: After final approval of the
4 settlement (and all appellate rights expire or are exhausted), Hyundai will mail and
5 email class members a color pamphlet designed to be kept with the owner’s manual.
6 (*Id.*, Secs. IV.C.6-7.) The pamphlet warns of the risk of engine seizure and stalling,
7 encourages drivers to obtain inspections and repairs (as needed), and reminds them of
8 various settlement benefits to which they are entitled. (*Id.*, Sec. IV.C.6.) The
9 pamphlets will also be at dealerships in conjunction with the distribution by mail and
10 email, and dealerships will disseminate them to any class members who come in for
11 maintenance and servicing. (*Id.*, Secs. IV.C.7-8.)
- 12 ▪ Website and Phone: Finally, the settlement requires Hyundai to maintain a dedicated
13 settlement website and toll free telephone number to provide additional information
14 and answer questions about the settlement. (*Id.*, Secs. IV.C.3-4.) That website is
15 currently up and operational at <https://sonataenginesettlement.hyundaiusa.com>.

16 **3. Warranty Extension for Free Inspections and Repairs:**

17 Under the settlement, *all* current owners and lessees of Class Vehicles can receive a free engine
18 inspection and, if necessary, a short block engine repair. (Settlement, Secs. II.A.1-11.) This benefit
19 comes in two forms.

20 First, Hyundai will be extending its Powertrain Warranty to cover short block engines for a 10-
21 year and 120,000-mile period (whichever ends first). (*Id.*, Secs. I.J., II.A.1.) This is a 20,000-mile
22 expansion of the original warranty for those class members who purchased or leased the vehicles new
23 and still own them. For those individuals who are second or subsequent owners, this settlement results
24 in an additional 5 years and 60,000 miles, above and beyond their original 5-year/60,000-mile
25 warranty. And unlike the original Powertrain Warranty, the full duration of the extended warranties
26 negotiated for original and subsequent owners under the settlement are transferrable to subsequent
27 owners. (*Id.*, Sec. II.A.3.)

1 Second, although it is expected that most Class Vehicles will still be within the 10-year,
2 120,000-mile period, *all* class members will be permitted to bring their vehicles to a Hyundai retailer
3 for free inspections between September 28, 2016, and December 27, 2016. (*Id.*, Sec. II.A.1) Any
4 vehicle determined to need a short block repair based on that inspection will receive free repairs under
5 the extended warranty—regardless of mileage or current length of ownership. (*Id.*)

6 In addition, the settlement provides protections to ensure the extended warranty benefits are
7 provided in good faith, as intended by the parties to the settlement. As noted above, Plaintiffs alleged
8 in their complaints that some class members were denied free warranty repairs on the grounds that they
9 had failed to properly maintain or service their vehicles. (*See Mendoza* Compl., ¶¶ 5-7; *Graham*
10 Compl., ¶ 2.) Under the settlement, this can no longer happen; extended warranty inspections and
11 repairs may not be denied on those grounds. (Settlement, Sec. II.A.6.) Only in “limited exceptional
12 neglect circumstances,” may Hyundai deny coverage under the extended warranty and it must report
13 any such denials to Class Counsel. (*Id.*)

14 The extended warranty also specifies that all costs associated with repairs will be covered.
15 Class members will not be charged for replacement parts, labor, or diagnoses. (*Id.*, Sec. II.A.2.) Class
16 members will not need to forego repairs due to transportation needs either, as the proposed settlement
17 requires Hyundai to make free loaner vehicles available (or reimburse rental car costs) for class
18 members obtaining repairs under the extended warranty. (*Id.*, Sec. II.A.5.) Finally, the settlement
19 contains a convenient dispute resolution process if any Class member wishes to contest a dealership’s
20 warranty decision. (*Id.*, Sec. III.6.) Class members will have the right to participate in a BBB
21 alternative dispute resolution process, for which all fees and expenses (other than attorney’s fees) will
22 be borne by Hyundai. (*Id.*)

23 **4. Reimbursements for Past Vehicle Repairs:**

24 Class members have generally spent money on two types of repairs due to the alleged defect.
25 Most have paid for short block engine repairs, which is the Hyundai-recommended repair. (4/14/16
26 Gibbs Decl., ¶ 4.) But some have paid for other repairs in an effort to resolve engine noise, oil light
27 illumination, vehicle non-starting, or stalling. (*Id.*) Those repairs have included replacement of the
28 long block engine, the battery, and/or the starter. (*Id.*) The proposed settlement reimburses class

1 members for both types of repairs—in full—provided certain conditions are met, with the primary
2 condition being that the repair was performed within the period covered by the extended settlement
3 warranty, *i.e.*, within the earlier of 10 years and 120,000 miles of the Class Vehicle’s original sale or
4 lease. (Settlement, Sec. II.C.1.)

5 The proposed settlement contains a number of terms to ensure the claims process is streamlined.
6 First, the negotiated Claim Form is a single page (front and back), which requires that most class
7 members do nothing more than write their VIN, check the box(es) corresponding to the type of
8 reimbursement they are seeking, write in the dollar amount, and sign and date the form. (*See* Claim
9 Form, Settlement Agreement, Ex. B [ECF No. 57-1].) Second, the Claim Forms can be submitted—at
10 the class members’ option—by mail, email, or through the settlement website. (*Id.*) Third, few
11 supporting documents (and in some cases *no* supporting documents) are required from class members.
12 (Settlement, Sec. II.C.2.) For repairs to the short block at a Hyundai dealership, for example, Hyundai
13 will take on the burden of accessing information that shows the date, nature, and cost of the repair.
14 (*Id.*) All a class member will need to demonstrate is that he or she incurred the cost, for example, by
15 submitting a cancelled check or a credit card bill. (*Id.*) Class members who paid by cash and who do
16 not have any documentation can simply attest that they paid by cash and have no documentation to
17 provide. (*Id.*) Other repairs will require only slightly more documentation. For example, for repairs at
18 non-Hyundai dealerships, class members will need to provide documentation showing the date, nature,
19 and price they paid for the repairs, because Hyundai cannot access records from independent repair
20 facilities. (*See* Settlement, Secs. I.M, II.C.2.; Claim Form, Settlement Agreement, Ex. B.) And while
21 short block repairs will be deemed to fall within the scope of the settlement, the supporting records
22 (whether provided by the class member or accessed directly by Hyundai) will need to show the reason
23 why other repairs were made—for instance, if a class member seeks reimbursement for replacing a
24 vehicle’s battery, documentation will need to show the replacement was tied to engine-related
25 symptoms and was not just a run-of-the-mill dead battery. (Settlement, Sec. 1.M.)

26 **5. Reimbursements for Rental Cars and Towing Services**

27 Class members who incurred rental car or towing expenses reasonably related to a reimbursable
28 repair will be entitled to a full reimbursement of those expenses as well. (Settlement, Sec. II.D.1.)

1 Class members seeking this type of reimbursement will go through the same streamlined claims
2 process. Along with a completed claim form, they will need to provide a receipt or other
3 documentation that shows the expense was incurred for a rental car or towing service and that it was
4 incurred around the time of the Class member's qualifying repair. (*Id.*)

5 **6. Compensation for Trade-Ins and Sales**

6 Some class members have reported that they could not afford to replace the engines in their
7 Sonata, and so they sold or traded-in the vehicles for reduced value rather than paying for the repairs.
8 (4/14/16 Gibbs Decl., ¶ 4.) The settlement contemplates that these class members will be able to make
9 a claim for compensation from Hyundai. (Settlement, Sec. II.D.3). They will need to submit a Claim
10 Form with documentation showing their Class Vehicle was diagnosed with an engine failure prior to
11 receiving notice of the settlement (or recall, if applicable to their vehicle), and that they sold or trade-in
12 the Class Vehicle without first obtaining the recommended engine-block repair. (*Id.*) Class members
13 will then be contacted by Hyundai, which will evaluate the class member's transaction and propose
14 compensation for any effect on the fair market value of the Class Vehicle at the trade-in or sale.
15 (*Id.*) The amount of compensation will consider the class member's sale or trade-in transaction as a
16 whole, and Hyundai will not be permitted to deny compensation due to a vehicle's service or
17 maintenance history (again, other than in instances of exceptional neglect). (*Id.*) Finally, any class
18 member who is not pleased with the compensation offer will have the right to the same free BBB
19 process outlined in the extended settlement warranty subsection above. (*Id.*)

20 **7. Attorney Fees, Costs, and Service Awards**

21 After reaching agreement on all other essential terms of the Settlement, the parties separately
22 negotiated Plaintiffs' counsel's claims for attorney fees and reimbursement of litigation expenses, as
23 well as the Class Representatives' right to service awards. (Gibbs Decl., ¶ 12.) Subject to the Court's
24 approval, HMA will not oppose, undermine, or solicit others to oppose or undermine an award of
25 attorneys' fees and costs up to, but not to exceed, the total combined sum of \$795,000.00. (*Id.*;
26 Settlement, Sec. V.2.)
27
28

1 **8. Mutual Release**

2 In exchange for the benefits provided under the settlement, class members will release Hyundai
3 and its related entities from all known and unknown claims related to the engine defect alleged or that
4 could have been alleged in the litigation. (Settlement, Secs. I.N., VI.) Hyundai will in turn release
5 Plaintiffs and Plaintiffs' counsel from any claims related to this litigation or settlement. (*Id.*, Secs. I.O,
6 VI.) The settlement agreement and release do not release claims for death, personal injury, damages to
7 tangible property other than a Class Vehicle, or subrogation. (*Id.*, Sec. VI.)

8 **III. ARGUMENT**

9 **A. The Settlement Merits Final Approval.**

10 A proposed class action settlement may be approved if the Court, after allowing absent class
11 members an opportunity to be heard, finds that the settlement is "fair, reasonable, and adequate." Fed.
12 R. Civ. P. 23(e)(2). When assessing a proposed settlement, "the court's intrusion upon what is
13 otherwise a private consensual agreement negotiated between the parties to a lawsuit must be limited to
14 the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or
15 overreaching by, or collusion between, the negotiating parties, and the settlement, taken as a whole, is
16 fair, reasonable and adequate to all concerned." *Rodriguez v. West Publ'g Corp.*, 563 F.3d 948, 965
17 (9th Cir. 2009) (internal quotation omitted).

18 To assess whether a settlement merits final approval, courts typically assess the following
19 factors:

- 20 i. the strength of the Plaintiffs' case;
- 21 ii. the risk, expense, complexity, and likely duration of further litigation;
- 22 iii. the risk of maintaining class action status throughout the trial;
- 23 iv. the amount offered in settlement;
- 24 v. the extent of discovery completed and the stage of the proceedings;
- 25 vi. the experience and views of counsel;
- 26 vii. the presence of a governmental participant;
- 27 viii. the reaction of the class members to the proposed settlement; and
- 28 ix. whether the settlement is a product of collusion among the parties.

1 *Churchill Village, LLC v. General Electric*, 361 F.3d 566, 575 (9th Cir. 2004). The final factor, the
2 reaction of the class, cannot be fully evaluated until the objection and opt-out deadline has passed, but
3 in Plaintiffs' view, the other factors confirm this settlement to be advantageous to the class and worthy
4 of judicial approval.

5 **i. The Strength of the Plaintiffs' Case**

6 If the litigation were to proceed, Plaintiffs believe they could demonstrate that all 2011-2014
7 Hyundai Sonatas were sold with a common defect that renders them prone to sudden engine failure.
8 Plaintiffs also expect that they could present evidence suggesting that Hyundai knew about the engine
9 problems before Class Vehicles were released to the public, and that Sonata engines can and do fail
10 even if the vehicles are properly maintained. Plaintiffs would thus be in a position to mount a
11 formidable case that Hyundai violated California consumer protection laws, breached California and
12 federal warranty laws, and engaged in fraud by failing to disclose a known defect. Nevertheless,
13 Plaintiffs' counsel are seasoned in automobile defect class litigation, and recognize that even were they
14 able to make such a factual showing, their case could fail on liability, or at least be whittled down in
15 terms of overall liability.

16 For example, Hyundai might have a colorable defense that it did not conceal material
17 information about the engines because it did not discover the problem until after it had sold many of the
18 Class Vehicles. Hyundai might also argue that it covered many engine repairs under warranty or
19 through goodwill, and that those repairs it did not cover were fairly denied because the dealership's
20 inspection revealed that the engine oil was exceedingly low. Finally, if the case were to proceed to trial
21 and if Plaintiffs were to prevail both at trial and on appeal, a class wide recovery would likely come no
22 earlier than late 2018. Any damage award would need to be distributed to class members based on
23 vehicle ownership records that would then be several years older; class members would also likely need
24 to locate receipts for repairs that would be equally old, significantly reducing the overall recovery. In
25 other words, a victory at trial, coming several years from now, would likely not deliver results superior
26 to the settlement before the Court.

1 **ii. The Risk, Expense, Complexity, and Likely Duration of Further Litigation**

2 Almost all class actions involve a high level of risk, expense, and complexity, which is one
3 reason that judicial policy so strongly favors resolving class actions through settlement. *Linney v.*
4 *Cellular Alaska P'ship*, 151 F.3d 1234, 1243 (9th Cir. 1998) (affirming district court's approval of
5 settlement and certification of class). If the parties had been unable to resolve this case through
6 settlement, the litigation would likely have been protracted and costly. Plaintiffs' counsel have
7 frequently litigated automotive defect class actions that have taken several years to resolve, with one
8 requiring more than 58,000 attorney hours over five years before it resolved for cash reimbursements
9 through a claims-made process. (4/14/16 Gibbs Decl., ¶ 11.) Before ever approaching a trial in this
10 case, the parties likely would have briefed a motion to dismiss, class certification (along with a
11 potential Rule 23(f) appeal), and summary judgment, in addition to expending considerable resources
12 on electronic discovery, depositions, and expert witnesses. It is therefore unlikely that the case would
13 have reached trial before late 2017, with post-trial activity to follow. By that time, many more class
14 members would have sold their vehicles, losing the very powertrain warranty that is being extended
15 under the settlement for both original and subsequent owners. The passage of time would also pose a
16 risk to class members because of the potential for engine seizure or stalling, which they will now be
17 notified about and able to address through free inspections and repairs.

18 **iii. The Risk of Maintaining Class Action Status Through Trial**

19 Were litigation to continue, Plaintiffs would face risk at the class certification stage. "The value
20 of a class action 'depends largely on the certification of the class,' and [] class certification undeniably
21 represents a serious risk for plaintiffs in any class action lawsuit." *Acosta v. Trans Union, LLC*, 243
22 F.R.D. 377, 392 (C.D. Cal. 2007) (quoting *In re GMC Pick-Up Truck Fuel Tank Prods. Liab. Litig.*, 55
23 F.3d 768, 817 (3d. Cir. 1995)). Plaintiffs believe that this case is appropriate for class certification in
24 the litigation context, despite the varying symptoms and maintenance habits that Hyundai would be
25 sure to raise in opposition. However, class certification proceedings are highly discretionary, and there
26 is always a risk that the Court would deny certification altogether or decline to certify a nationwide
27 class. *See Mazza v. Am. Honda Motor Co.*, 666 F.3d 581, 590 (9th Cir. 2012).

1 **iv. The Amount Offered In Settlement**

2 While continued litigation offers the uncertainty of class certification and the diminishing
3 returns associated with the passage of time, the proposed settlement would provide class members with
4 virtually everything Plaintiffs asked for in their complaints. Hyundai is warning affected drivers of the
5 risk of engine stalling and providing a lengthy warranty extension that will allow all vehicles owners
6 free inspections and necessary repairs. (Settlement, Sec. II.A.1.) Hyundai is also reimbursing class
7 members for past repair expenses in full—including those incurred for rental cars and towing
8 services—with only minimal documentation requirements and a streamlined claims process. (*Id.*, Sec.
9 II.C.2.) And any class members who sold or traded-in their vehicles after receiving a sizable engine
10 repair estimate instead of having the vehicle repaired will be entitled to a compensation process. (*Id.*,
11 Sec. II.D.3.) This combination of settlement benefits matches or exceeds what has been provided in
12 settlements in comparable automotive class actions. (4/14/16 Gibbs Decl., ¶ 11.)

13 **v. The Extent of Discovery Completed and the Stage of Proceedings**

14 Before initiating this litigation, Plaintiffs' counsel devoted substantial time and energy to
15 investigating the underlying facts and developing their allegations. This included a review of a variety
16 of number of publicly available sources of technical information, interviews of drivers, and
17 consultation with automotive experts. (4/14/16 Gibbs Decl., ¶ 3.) Plaintiffs' counsel also retained an
18 automotive expert to conduct a tear down and analysis of a failed Sonata engine. (*Id.*) Those efforts
19 allowed Plaintiffs to plead fairly detailed complaints that reflect a solid understanding of the technology
20 and vehicles at issue. Then, in the course of negotiating the settlement, the parties engaged in
21 confirmatory discovery that provided greater insight into the data and conclusions that Hyundai had
22 provided regarding the vehicles at issue. (*Id.*, ¶ 9.) The discovery included both raw data and analysis
23 relating to potentially relevant warranty claims, customer complaints, goodwill payments, and field
24 service reports. (*Id.*) It also included some of the same materials that were prepared internally to brief
25 Hyundai executives about the alleged engine defect and root cause analysis. (*Id.*) In addition to
26 obtaining and reviewing the confirmatory discovery, Plaintiffs' counsel had the opportunity to conduct
27 a full interview of the Hyundai engineer most familiar with the data and analysis. (*Id.*) Based on
28 counsel's experience litigating auto defect cases, the information they received was sufficient to

1 evaluate the fairness of the proposed settlement for the class. (*Id.*) Consequently, in the course of
2 resolving this litigation, Plaintiffs had a reasonably good sense of the strength and weakness of their
3 case and were well-situated to make an informed decision regarding settlement.

4 **vi. The Experience and Views of Counsel**

5 Co-Lead Interim Class Counsel Eric H. Gibbs and David Stein have successfully litigated many
6 consumer class actions against automotive companies, including:

- 7 • *Parkinson v. Hyundai Motor Am.*, No. 8:06-cv-0345 (C.D. Cal.)
- 8 • *Sugarman v. Ducati North America, Inc.*, No. 10-cv-05246 (N.D. Cal.)
- 9 • *Browne v. Am. Honda Motor Co., Inc.*, No. CV 09-06750-MMM (C.D. Cal.)
- 10 • *Velasco v. Chrysler Group LLC*, No. 2:13-cv-08080 (C.D. Cal.)
- 11 • *Yaeger v. Subaru of Am., Inc.*, No. 1:14-cv-04490 (D.N.J.)

12 (*See* 09/04/15 Gibbs Decl. [ECF No. 34-1], ¶ 6, Ex. A.)

13 Co-Lead Interim Class Counsel Matthew D. Schelkopf and Joseph G. Sauder of McCuneWright
14 LLP have also prosecuted a number of consumer class actions against automotive companies,
15 including:

- 16 • *Henderson v. Volvo Cars of N. Am., LLC*, No. 2:09-cv-04146 (D.N.J.)
- 17 • *Whalen v. Ford Motor Co.*, No. 13-3072 (N.D. Cal.)
- 18 • *Lax v. Toyota Motor Corp.*, No. 3:14-cv-01490 (N.D. Cal.)
- 19 • *Davitt v. Honda North America Inc.*, No. 2:13-cv-00381 (D.N.J.)
- 20 • *Neale v. Volvo Cars of N. Am., LLC*, No. 2:10-cv-04407 (D.N.J.)
- 21 • *Yaeger v. Subaru of Am., Inc.*, No. 1:14-cv-04490 (D.N.J.)

22 (*See* 09/04/15 Schelkopf Decl. [ECF No. 34-3], ¶ 6, Ex. A)

23 Based on their experience in similar cases, and their familiarity with the strengths and
24 weaknesses of this particular case, Plaintiffs' counsel believes the proposed settlement to be in the best
25 interests of the class and respectfully request that the Court approve it.

26 **vii. The Presence of a Governmental Participant**

27 The only connection with governmental entities in this litigation is Hyundai's voluntary recall
28 of the 2011 and 2012 Hyundai Sonatas, which is overseen by the NHTSA. As discussed above, the

1 settlement in this case provides the same level of benefits to class members irrespective of whether they
2 own 2011 or 2012 Sonatas (and are thus within the scope of the recall) or whether they own 2013 or
3 2014 vehicles (and are outside the recall's scope). In the end, all class members will be receiving
4 similar notice of the alleged defect and be given the opportunity to present their vehicles at Hyundai
5 dealerships for free engine inspections and necessary repairs. Finally, to the extent that the NHTSA
6 might have eventually initiated an investigation into the later model year Sonata vehicles, a great
7 benefit of the parties' settlement is that it avoids the protracted process of a multistage NHTSA
8 investigation that can take years to complete. *See generally In re Gen. Motors Corp. Pickup Truck*
9 *Fuel Tank Products Liab. Litig.*, MDL 961, 1993 WL 204116, at *3 (E.D. Pa. June 10, 1993) (NHTSA
10 proceedings can take several years to conclude).

11 **viii. The Reaction of Class Members**

12 The class was only recently notified of the settlement and have until November 7 to object or
13 opt out. (7/8/16 Prelim. App. Order, ¶¶ 8, 16, 19.) Once the objection and opt-out deadline has passed,
14 Plaintiffs will provide the Court with a copy of all objections received, a complete list of opt-outs, and a
15 complete assessment of the overall class reaction. It is worth noting, however, that class members'
16 initial reaction to the settlement has been positive. The recently mailed class notices have generated a
17 high degree of interest among Sonata owners, over 200 of whom have reached out to Class Counsel
18 regarding the settlement—primarily to ensure they understand how to receive settlement benefits.
19 (Lopez Decl., ¶ 4.) This is a higher level of interest in settlement benefits than we typically see in
20 automotive class actions and reflects that the settlement is addressing a real problem and providing
21 remedies of value to the class. (*Id.*) In addition, the portion of the class who received the earlier recall
22 notice have already participated in large numbers—as of September 23, 2016, 312,059 of the
23 approximately 885,000 eligible vehicles had taken advantage of the free inspection and repairs.
24 (Zielomski Decl., ¶¶ 3-4.) This high degree of participation indicates that the settlement is providing
25 needed relief and that, by and large, the class is in favor of the settlement.

26 **ix. Lack of Collusion Among the Parties**

27 As part of the settlement approval process, the Court should assure itself the settlement was not
28 the product of collusion among the negotiating parties. *In re Bluetooth Headset Products Liab. Litig.*,

1 654 F.3d 935, 947 (9th Cir. 2011) (vacating and remanding a settlement approval order because the
2 district court had not considered possible collusion). Here, neither the process used by the parties to
3 negotiate the settlement nor the settlement’s terms indicate a collusive deal. The settlement was
4 negotiated by counsel with extensive experience litigating automotive class actions and was aided by
5 the presence of a well-respected mediator, Hon. James P. Kleinberg (Ret.). (4/14/16 Gibbs Decl., ¶¶ 7,
6 10-11); *see G. F. v. Contra Costa Cty.*, No. 13-CV-03667-MEJ, 2015 WL 4606078, at *13 (N.D. Cal.
7 July 30, 2015) (“[T]he assistance of an experienced mediator in the settlement process confirms that the
8 settlement is non-collusive.”) (internal quotations omitted). And the settlement’s terms are quite
9 favorable to the class—strongly suggesting that class benefits were not traded for individual benefits.
10 *See Tadepalli v. Uber Techs., Inc.*, No. 15-CV-04348-MEJ, 2016 WL 1622881, at *9 (N.D. Cal. Apr.
11 25, 2016) (“the fact that the class is receiving 100% [recovery] reduces the likelihood that the parties
12 colluded to confer benefits on each other at the expense of class members”).

13 Likewise, the proposed attorney fee and cost reimbursements for Plaintiffs’ counsel suggest no
14 collusion—the awards, if approved, represent the amount of time and expense counsel actually devoted
15 to this litigation. (4/14/16 Gibbs Decl., ¶ 11.) Had the fee amount been litigated rather than negotiated,
16 a multiplier could have been awarded and the fees substantially higher. *See, e.g., MacDonald v. Ford*
17 *Motor Co.*, No. 13-CV-02988-JST, 2016 WL 3055643, at *9-10 (N.D. Cal. May 31, 2016) (awarding
18 fee multiplier of 2.0). The parties’ fee agreement thus represents a legitimate compromise and not a
19 collusive agreement to pay Class Counsel more in exchange for paying the class less. *See Schuchardt*
20 *v. Law Office of Rory W. Clark*, 314 F.R.D. 673, 687 (N.D. Cal. 2016) (clear-sailing provision does not
21 signal collusion when the agreed-upon fees are reasonable and the relief negotiated for the class is
22 favorable). Similarly, the \$2,500 incentive awards that Hyundai has agreed to Plaintiff Mendoza and
23 Plaintiff Graham are not indicative of a collusive deal, as they are lower than “typical incentive awards
24 in the Ninth Circuit, where \$5,000 is presumptively reasonable.” *Smith v. Am. Greetings Corp.*, No.
25 14-CV-02577-JST, 2016 WL 362395, at *10 (N.D. Cal. Jan. 29, 2016).

26 **B. The Settlement Class Satisfies Rule 23.**

27 In its preliminary approval order, the Court found that the proposed settlement class met the
28 requirements of Rule 23 and preliminarily certified it under Rule 23(b)(3). (7/8/16 Prelim. App. Order,

¶¶ 2, 5.) Plaintiffs now request that the Court affirm its preliminary findings and render a final decision as to the appropriateness of class certification.

1. The Settlement Class Meets The Requirements of Rule 23(a).

The prerequisites for class certification under Rule 23(a) are (1) numerosity, (2) commonality, (3) typicality, and (4) adequacy of representation, each of which is satisfied here. Fed. R. Civ. P. 23(a); *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1019 (9th Cir. 1998).

The parties' proposed settlement class, set forth in section I.D of the settlement agreement, encompasses approximately 885,000 Class Vehicles and so readily satisfies the numerosity requirement. *See Hanlon*, 150 F.3d at 1019 ("The prerequisite of numerosity is discharged if 'the class is so large that joinder of all members is impracticable.'") (quoting Fed. R. Civ. P. 23(a)(1)).

The proposed settlement class also satisfies the commonality requirement of Rule 23(a), which requires that class members' situations "share a common issue of law or fact, and [be] sufficiently parallel to insure a vigorous and full presentation of all claims for relief." *Wolin v. Jaguar Land Rover N. Am., LLC*, 617 F.3d 1168, 1172 (9th Cir. 2010) (internal quotations omitted). Each of the settlement class members purchased or leased a 2011-2014 model year Hyundai Sonata vehicles factory equipped with a Theta II 2.0 or 2.4 liter gasoline direct injection engine, and their legal claims involve the same alleged defect. (Settlement, Sec. I.F.) The common issues that their claims share include (i) whether the Class Vehicle engines are defective; (ii) whether the defect can cause stalling and other engine related symptoms; (iii) whether Hyundai knew of the defect but failed to disclose the problem and its consequences to consumers; (iv) whether a reasonable consumer would consider the defect and its consequences to be material; and (v) whether Hyundai's conduct violates the CLRA, the California UCL, and other statutes. *See Mendoza Compl.*, ¶ 83; *Graham Compl.*, ¶ 29.

The final requirements of Rule 23(a)—typicality and adequacy—are satisfied by the proposed representative Plaintiffs. Like the other members of the settlement class, Plaintiffs each purchased or leased a 2011-2014 Hyundai Sonata equipped with a Theta II 2.0 liter or 2.4 liter engine, and thus suffered the same or similar alleged injury—namely, they were sold a defective vehicle that has required or will require a repair to make the vehicle safe. *See Wolin*, 617 F.3d at 1175 ("Typicality can be satisfied despite different factual circumstances surrounding the manifestation of the defect."). In

1 addition, Plaintiffs are adequate class representatives with no conflicts of interest and are represented
2 by qualified and competent counsel. *Hanlon*, 150 F.3d at 1020.

3 **2. The Settlement Class Meets The Requirements Of Rule 23(b)(3).**

4 “In addition to meeting the conditions imposed by Rule 23(a), the parties seeking class
5 certification must also show that the action is maintainable under Fed. R. Civ. P. 23(b)(1), (2) or (3).”
6 *Hanlon*, 150 F.3d at 1022. Here, the proposed settlement class is maintainable under Rule 23(b)(3), as
7 common questions predominate over any questions affecting only individual members and class
8 resolution is superior to other available methods for a fair resolution of the controversy. *Id.* Settlement
9 class members’ claims depend primarily on whether the engine installed in their vehicles is defective,
10 and thus raise just the sort of predominantly common questions courts have found to justify class
11 treatment. *See, e.g., Wolin*, 617 F.3d at 1173 (allegedly defective alignment geometry); *Hanlon*, 150
12 F.3d at 1022-1023 (allegedly defective rear liftgate latches); *Chamberlan v. Ford Motor Co.*, 223
13 F.R.D. 524, 526 (N.D. Cal. 2004) (allegedly defective engine intake manifolds).

14 Similarly, there can be little doubt that resolving all settlement class members’ claims through a
15 single class action is superior to a series of individual lawsuits. “From either a judicial or litigant
16 viewpoint, there is no advantage in individual members controlling the prosecution of separate actions.
17 There would be less litigation or settlement leverage, significantly reduced resources and no greater
18 prospect for recovery.” *Hanlon*, 150 F.3d at 1023. Finally, in the settlement context, there can be no
19 objection here that class proceedings would present the sort of intractable management problems that
20 sometimes override the collective benefits of class actions, “for the proposal is that there be no trial.”
21 *Amchem Prods. v. Windsor*, 521 U.S. 591, 620 (1997).

22 **IV. CONCLUSION**

23 For the foregoing reasons, the parties respectfully request that the Court approve the parties’
24 settlement and enter judgement consistent with its terms.

25
26 DATED: September 28, 2016,

Respectfully submitted,

27 By: /s/ Eric H. Gibbs

28 Eric H. Gibbs

1 David Stein
2 **GIBBS LAW GROUP LLP**
3 505 14th Street, Suite 1110
4 Oakland, California 94612
5 Telephone: (510) 350-9700
6 Facsimile: (510) 350-9701

7 Matthew D. Schelkopf
8 Joseph G. Sauder
9 **MCCUNEWRIGHT LLP**
10 1055 Westlakes Drive, Suite 300
11 Berwyn, Pennsylvania 19312
12 Telephone: (610) 200-0581

13 *Co-Lead Interim Class Counsel*
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 Eric H. Gibbs (SBN 178658)
2 David Stein (SBN 257465)
3 **GIBBS LAW GROUP LLP**
4 505 14th Street, Suite 1110
5 Oakland, California 94612
6 Telephone: (510) 350-9700
7 Facsimile: (510) 350-9701
8 ehg@classlawgroup.com
9 ds@classlawgroup.com

7 Joseph G. Sauder (*pro hac vice*)
8 Matthew D. Schelkopf (*pro hac vice*)
9 **MCCUNEWRIGHT LLP**
10 1055 Westlakes Drive, Suite 300
11 Berwyn, Pennsylvania 19312
12 Telephone: (610) 200-0581
13 jgs@mccunewright.com
14 mds@mccunewright.com

15 *Co-Lead Interim Class Counsel*

16 **UNITED STATES DISTRICT COURT FOR THE**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18 **SAN JOSE DIVISION**

19 IN RE : HYUNDAI SONATA ENGINE
20 LITIGATION

Case No. 5:15-cv-1685-BLF

21 **DECLARATION OF STEVE LOPEZ**
22 **IN SUPPORT OF MOTION FOR FINAL**
23 **APPROVAL OF CLASS SETTLEMENT**

24 Date: December 15, 2016

25 Time: 2:00 p.m.

26 Judge: Hon. Beth Labson Freeman

27 Courtroom: 3
28

1 I, Steve Lopez, declare as follows:

2 1. I am an associate at the law firm of Gibbs Law Group LLP, one of the firms serving as
3 class counsel in this case. I make this declaration based on my personal knowledge and in support of
4 Plaintiffs' Motion for Final Approval of Class Action Settlement.

5 2. Attached as **Exhibit 1** is a true and correct copy of the class action settlement
6 agreement (without exhibits) that the Court preliminarily approved in August and that Plaintiffs are
7 now requesting be finally approved.

8 3. While we cannot fully assess the class's reaction to the settlement until the objection
9 and opt-out deadline passes on November 7, the early results are promising. Attached as **Exhibit 2** is
10 the most recent recall report from Hyundai, showing that as of July 30, 2016, approximately 60% of
11 all eligible 2011-2012 Sonata owners had already taken advantage of the inspection and repair
12 procedure negotiated by the parties.

13 4. Owners of 2013-2014 Sonatas have only recently been notified that they can also
14 participate in the same inspection and repair procedure (as well as the other remedies offered by the
15 settlement), so data is not yet available on their level of participation. But if the level of interest we
16 have received from class members is any indication, we expect that 2013-2014 Sonata owners will
17 participate in significant numbers as well. Since Hyundai began mailing class notice on August 15,
18 2016, we have been contacted by over 200 Sonata owners regarding the settlement and have spoken
19 directly with over 100 of these class members. The vast majority of class members are pleased with
20 the settlement and contacted us because they wanted to ensure they understood how to receive the
21 settlement's benefits. This is a higher level of interest in settlement remedies than we typically see in
22 automotive class actions and reflects that the settlement is addressing a real problem and providing
23 remedies of value to the class.

24 5. We have devoted over 100 hours speaking with class members regarding the settlement
25 so far, as well as working to resolve the individualized logistical issues that are bound to arise with a
26 settlement of this scope. We expect those efforts to continue over the next few months and will
27 provide the Court with a further report of the overall class reaction to the settlement after class
28 members have been afforded a full opportunity to express their views.

1 I declare under penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct. Executed on September 28, 2016, in Oakland, California

3
4 
5
6 Steve Lopez

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT 1

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into as of this 8th day of April, 2016, by and between Plaintiffs Beth Graham and Elizabeth Mendoza (the “Plaintiffs” or “Class Representatives”), individually and as representatives of the Class defined below, and Hyundai Motor America (“HMA”) (collectively the “Parties”).

WHEREAS, Plaintiff Mendoza filed the proposed nationwide class action lawsuit *Mendoza v. Hyundai Motor Company, Ltd. et al.*, No. 5:15-cv-1685 (N.D. Cal.) on April 14, 2015, and Plaintiff Graham filed the proposed nationwide class action lawsuit *Graham v. Hyundai Motor America, Inc.*, No. 5:15-cv-2071 (N.D. Cal.), on May 7, 2015;

WHEREAS, on June 24, 2015, the Court ordered the two cases consolidated as *In re: Hyundai Sonata Engine Litigation*, No. 5:15-cv-1685 (N.D. Cal.);

WHEREAS, the consolidated litigation arises from Plaintiffs’ allegations that certain Hyundai Sonata vehicles were manufactured, marketed, sold, and leased with an engine defect that can cause sudden engine seizure;

WHEREAS, HMA denies Plaintiffs’ allegations, denies all liability and culpability, and maintains that it has meritorious defenses;

WHEREAS, following consolidation of the cases, counsel for the Parties met and conferred several times, including with an engineering representative from HMA present, regarding Plaintiffs’ allegations, HMA’s defenses, and potential resolution of the litigation;

WHEREAS, as part of these discussions, and in the context of a potential classwide resolution, the Parties discussed that HMA planned to conduct a recall of certain of the vehicles at issue, the 2011 and 2012 model year Sonata, under the supervision of the National Highway Traffic Safety Administration;

WHEREAS, the Parties mediated on October 29, 2015, with the assistance of Hon. James P. Kleinberg (Ret.) of JAMS, at which time they reached a settlement in principle to resolve the class allegations, subject only to Hyundai management approval, which was obtained;

WHEREAS, Class Counsel (defined below) have investigated the facts and law relating to Plaintiffs’ claims and HMA’s defenses, and have concluded that a settlement with HMA according to the terms set forth below is in the best interests of Plaintiffs and the Class;

WHEREAS, despite its denial of any liability or culpability and its belief that it has meritorious defenses to the claims alleged, HMA nevertheless decided to enter into the settlement described herein as a benefit to its customers and to avoid further litigation;

WHEREAS, Plaintiffs have taken and may continue to take reasonable confirmatory discovery to the extent that additional information is reasonably required to support the terms of the Settlement Agreement. Any such discovery shall be subject to limitations negotiated by Class Counsel and HMA's counsel.

NOW, THEREFORE, in consideration of the covenants, agreements, and releases set forth herein, and intending to be legally bound, it is agreed by and among the undersigned that this Action be settled, compromised, and judgment entered on the terms and conditions set forth below.

I. DEFINITIONS

A. "Action"

"Action" refers to the consolidated litigation titled *In re: Hyundai Sonata Engine Litigation*, No. 5:15-cv-1685 (N.D. Cal.), inclusive of the underlying cases that were consolidated.

B. "Claim"

A "Claim" is a request for reimbursement under this settlement.

C. "Claim Form"

"Claim Form" refers to a form used to request reimbursement (i.e., make a Claim) under this settlement, substantially in the form attached hereto as Exhibit B.

D. "Class"

"Class" refers to:

All owners and lessees of a Class Vehicle who purchased or leased the Class Vehicle in the United States, excluding the territories, or abroad while on active military duty.

Excluded from the Class are all claims for death, personal injury, property damage, and subrogation. Also excluded from the Class are HMA; any affiliate, parent, or subsidiary of HMA; any entity in which HMA has a controlling interest; any officer, director, or employee of HMA; any successor or assign of HMA; any judge to whom this Action is assigned, his or her

spouse, and all persons within the third degree of relationship to either of them, as well as the spouses of such persons.

E. “Class Counsel”

“Class Counsel” means Eric H. Gibbs and David Stein of Gibbs Law Group LLP and Matthew D. Schelkopf and Joseph G. Sauder of McCuneWright LLP.

F. “Class Vehicles”

“Class Vehicles” refer to all 2011, 2012, 2013, and 2014 model year Hyundai Sonata vehicles factory equipped with a Theta II 2.0 liter or 2.4 liter gasoline direct injection engine, which were purchased or leased in the United States, excluding the territories, or abroad while a Class member was on active military duty.

G. “Effective Date”

“Effective Date” means the first date after the Court enters an order granting final approval of this settlement and entering judgment, and all appellate rights with respect to said order, other than those related to any award of attorneys’ fees, costs, or incentive payments, have expired or been exhausted in such a manner as to affirm the order.

H. “Long Form Notice”

“Long Form Notice” refers to the notice to be sent to the Class as detailed below, substantially in the same form as Exhibit A.

I. “Notice Date”

“Notice Date” refers to the date 90 days after the Court enters an order preliminarily approving this settlement.

J. “Pamphlet”

“Pamphlet” refers to the separate, color-printed document that will be provided after the Effective Date, substantially in the same form as attached as Exhibit C. The Pamphlet shall be designed to be kept with the owner’s manual for Class Vehicles. The Pamphlet shall

- (i) prominently warn of the risk that Class Vehicles may suffer engine stalling while driving,
- (ii) list all warning signs known by HMA to potentially precede such an engine seizure or stall, such as engine knocking and illumination of the Class Vehicle’s oil lamp; (iii) recommend that any Class member who has not already done so, should promptly present their Class Vehicle to an authorized Hyundai dealership for a free inspection and, if appropriate, repair; and
- (iv) describe the warranty and reimbursement benefits provided by this settlement.

K. “Proof of Repair Expense”

“Proof of Repair Expense” shall be comprised of the original or a copy of any document(s) generated at or around the time expense was incurred for a Qualifying Repair that identifies the Qualifying Repair’s nature, date performed, and cost incurred by the Class member for the Qualifying Repair. For Class members who had the Qualifying Repair performed at a Hyundai dealership, the cost incurred by the Class member for the Qualifying Repair shall be substantiated as set forth in section II.C.2.

L. “Proof of Repair-Related Expense”

“Proof of Repair-Related Expense” shall be comprised of the original or a copy of any document(s) generated at or around the time that expense was incurred for a rental car, towing service, or other out-of-pocket expense in direct conjunction with obtaining a Qualifying Repair, and which identifies that the expense was incurred for a rental car and/or towing service, the date the cost was incurred, and the dollar amount.

M. “Qualifying Repair”

“Qualifying Repair” refers to any type of repair, replacement, diagnosis, or inspection of the Class Vehicle short block assembly consisting of the engine block, crankshaft and bearings, connecting rods and bearings, and pistons. For purposes of reimbursement of repairs that occurred before the Class member received notice of this settlement or NHTSA Campaign Number 15V568000, “Qualifying Repair” also includes any other Class Vehicle components, such as the Class Vehicle long block (and the long block’s components), battery, or starter, provided that the corresponding Proof of Repair Expense reflects that the work was conducted in an attempt to address engine seizure, engine stall, engine noise, or illumination of the oil lamp, excepting any repairs for which the Proof of Repair Expense reflects that the repairs were plainly unrelated to the engine short block assembly issues (for example, a stall caused by a fuel pump, oxygen sensor, or the electrical system). Any repairs or replacement of a Class Vehicle oil filter in an attempt to address engine seizure, engine stall, engine noise, or illumination of the oil lamp arising from a short block assembly issue based on TSB No. 12-EM-006 will be presumed to be included within the definition of a Qualifying Repair. Nothing in this definition shall require HMA to provide repairs caused by a collision involving a Class Vehicle.

N. “Releasees”

“Releasees” shall refer jointly and severally, individually and collectively to entities that marketed the Class Vehicles, entities that designed, developed, and/or disseminated advertisements for the Class Vehicles, HMA, Hyundai America Technical Center, Inc. (also doing business as Hyundai-Kia America Technical Center), Hyundai Motor Company, all affiliates of the Hyundai Motor Group, and each of their respective future, present, and former direct and indirect parents, subsidiaries, affiliates, divisions, predecessors, successors, assigns, dealers, distributors, agents, principals, suppliers, vendors, issuers, licensees, and joint ventures, and their respective future, present, and former officers, directors, employees, partners, general partners, limited partners, members, managers, agents, shareholders (in their capacity as shareholders) and legal representatives, and the predecessors, successors, heirs, executors, administrators, and assigns of each of the foregoing. As used in this paragraph, “affiliates” means entities controlling, controlled by, or under common control with a Releasee.

O. “Releasers”

“Releasers” shall refer jointly and severally, individually and collectively to the Class Representatives, the Class members, and their future, present, and former direct and indirect parents, subsidiaries, affiliates, divisions, predecessors, successors, and assigns, and their respective future, present, and former officers, directors, employees, partners, general partners, limited partners, members, managers, agents, shareholders (in their capacity as shareholders) and legal representatives, and the predecessors, successors, heirs, executors, administrators, and assigns of each of the foregoing. As used in this paragraph, “affiliates” means entities controlling, controlled by or under common control with a Releaser.

II. SETTLEMENT CONSIDERATION

In consideration for the settlement, entry of judgment, and dismissal, and for the mutual release provided herein, HMA agrees to provide the following consideration to the Class:

A. Warranty Extension For Engine Short Block

1. Effective on the Notice Date, HMA will extend its Powertrain Warranty to cover the short block assembly, consisting of the engine block, crankshaft and bearings, connecting rods and bearings, and pistons, in Class Vehicles during the 10-year and 120,000-mile period (whichever ends first) following the original sale or lease (first use) of each Class Vehicle (the “Extended Warranty”). For the 90-day period immediately following the Notice Date, however,

all Class Vehicles will be eligible under the Extended Warranty for free inspections and, as needed on a vehicle-by-vehicle basis, short block assembly repairs, irrespective of the Class Vehicles' mileage or duration of ownership.

2. The Extended Warranty shall cover all costs associated with inspections and repairs including, without limitation, the costs associated with replacement parts, labor, and diagnoses.

3. Notwithstanding any provision(s) to the contrary in any express warranty provided by HMA in conjunction with the sale or lease of Class Vehicles, the 10-year / 120,000-mile Extended Warranty shall persist in its full duration regardless of any transfer in ownership of a Class Vehicle.

4. No Class member who presents a Class Vehicle for a Qualifying Repair within the Extended Warranty period (or during the 90-day period following the Notice Date) at an authorized Hyundai dealership shall be denied Extended Warranty coverage on the basis that replacement parts did not become available until after the expiration of the Class member's Extended Warranty (or after the expiration of the 90-day period following the Notice Date).

5. In conjunction with any Extended Warranty repair, HMA shall, through its authorized Hyundai dealerships, provide a loaner vehicle at no cost if requested. To the extent no loaner vehicle is reasonably available through HMA's authorized Hyundai dealerships at the time of the request, HMA will provide full reimbursement of reasonable rental car expenses submitted pursuant to section II.D.1.

6. No Extended Warranty inspections or repairs shall be denied for a Class Vehicle on the grounds that the Qualifying Repair was necessitated by the driver failing to properly service or maintain the vehicle, excepting limited exceptional neglect circumstances. Upon request, HMA will reasonably promptly furnish a list of all such cases, if any, of exceptional neglect to Class Counsel. This settlement shall not be construed as obligating HMA or its dealerships to repair engines or provide new engines under the Extended Warranty for otherwise inoperative vehicles (e.g., junkyard vehicles not otherwise roadworthy).

7. Class members shall not be required to present the Long Form Notice, Pamphlet, Claim Form, or any other settlement-related document in order to receive Extended Warranty inspections or repairs at an authorized Hyundai dealership.

8. All rights otherwise available to owners and lessees under preexisting warranties

will continue to remain available to Class members notwithstanding the implementation of this settlement. Nothing in this settlement will be construed as diminishing or otherwise affecting any express or implied warranty, duty, or contractual obligation of HMA in connection with Class Vehicles.

9. HMA may implement or continue to implement any customer satisfaction or goodwill policy, program, or procedure at its discretion, and may extend goodwill consideration to individual Class members on a case-by-case basis, without regard to their entitlement to relief under the settlement. No such goodwill decision by HMA, however, shall act to deprive a Class member of the benefits available under the settlement.

10. Any dispute concerning coverage under the Extended Warranty shall be resolved through a Better Business Bureau (“BBB”) administered alternative dispute resolution process. Class Counsel shall have the right to participate in any such process. The BBB administered alternative dispute resolution fees and expenses shall be borne by HMA, except for attorneys’ fees by Class Counsel or other counsel selected by the Class member (if any).

11. Any repairs performed pursuant to the Extended Warranty during the notice period shall preclude the Class members who received such repairs from opting out of the Class.

B. Recall

1. HMA acknowledges that Class Counsel sought relief prior to the NHTSA inquiry, and that the consideration provided in conjunction with its voluntary safety recall of model years 2011 and 2012 Sonata vehicles (relating to the risk of engine failure), NHTSA Campaign Number 15V568000, represents part of the consideration to the Class in exchange for the settlement of this Action.

2. HMA acknowledges that it has effectuated the recall described in the paragraph immediately above by providing notice to the NHTSA of its intent to conduct the voluntary recall. HMA further acknowledges that, as required by existing law, it will conduct the voluntary recall in accordance with NHTSA mandates.

C. Repair Reimbursements

1. To the extent any Class member, before receiving notice of this settlement or (for Class members with 2011 and 2012 model year Class Vehicles only) before mailed notification of NHTSA Campaign Number 15V568000, obtained a Qualifying Repair for a Class Vehicle that, at the time of the repair, was still within the 10-year and 120,000-mile period following its

original sale or lease, the Class member will be entitled to full reimbursement by HMA of any and all such expenses incurred for the Qualifying Repair provided that:

- a. A Claim is submitted no later than 120 days after the Notice Date;
- b. The Claim contains a completed Claim Form; and
- c. The Claim contains a Proof of Repair Expense incurred by the Class member.

2. For Claims submitted for reimbursement for Qualifying Repairs performed at authorized Hyundai dealerships, HMA shall take all reasonably available steps to acquire from the dealership the information reasonably necessary to approve the Claim—namely, the date, nature, and cost charged for the Qualifying Repair. In connection with entering into this settlement, HMA acknowledges and represents that it will be able to acquire that information in all or virtually all instances, except for proof that cost for the Qualifying Repair was paid by the Class member. Class members shall substantiate the cost for the Qualifying Repair that they paid in a manner consistent with the method of payment the Class member used. Class members who paid for the Qualifying Repair with a credit card shall substantiate the cost for the Qualifying Repair that they paid with a repair receipt from the dealership showing their payment, a credit card receipt from the dealership, or a credit card statement showing a payment to the dealership. Class members who paid for the Qualifying Repair with a debit card or check shall substantiate the cost for the Qualifying Repair that they paid with a repair receipt from the dealership showing their payment, debit card receipt from the dealership, cleared check showing their payment to the dealership, or a bank statement showing a payment to the dealership. Class members who paid for the Qualifying Repair with cash shall substantiate the cost for the Qualifying Repair that they paid with a repair receipt from the dealership showing their payment or if they do not have such a repair receipt the Class member shall attest under penalty of perjury that they do not have a repair receipt from the dealership showing their payment and as to the specific dollar amount they paid in cash to the dealership. In the rare instance in which HMA is not able to obtain the information, it shall provide the Class member the opportunity to cure the Claim as set forth in section III.5.

3. Consistent with the above provisions, repair reimbursements shall be provided irrespective of whether Qualifying Repairs were incurred at an authorized Hyundai dealership or elsewhere.

4. Reimbursements shall be provided to Class members even if warranty coverage was initially denied for the Qualifying Repair on the grounds that it was necessitated by a failure to properly service or maintain the vehicle.

5. Class members previously reimbursed in full or part for the expense incurred in connection with a Qualifying Repair (e.g., through an HMA or dealership good will payment) shall not be entitled to a reimbursement under this settlement for that portion of the expense for which they have already been reimbursed.

D. Other Repair-Related Reimbursements

1. To the extent any Class member incurs expense, such as for a rental car or towing service, or other out-of-pocket expense reasonably related to obtaining a Qualifying Repair for a Class Vehicle within the 10-year and 120,000-mile period following its original sale or lease, the Class member shall be entitled to full reimbursement of any and all such rental car and towing expenses by HMA provided that:

- a. A Claim is submitted within 120 days after the later of (i) the Notice Date, or (ii) the date on which the expense is incurred;
- b. The Claim contains a completed Claim Form;
- c. The Claim contains a Proof of Repair-Related Expense; and
- d. The Claim contains a Proof of Repair Expense that reflects a Qualifying Repair performed within 30 days of the incurred rental car or towing expense.

2. With respect to the reimbursements available pursuant to the above paragraph, Class members shall not be entitled to receive compensation apart from their out-of-pocket costs incurred. For example, the above paragraph shall not entitle Class members to lost wages allegedly incurred due to an inability to get to or from a place of employment or to recover other forms of consequential damages.

3. Class members who before notice of this settlement or (for Class members with 2011 and 2012 model year Class Vehicles only) before mailed notification of NHTSA Campaign Number 15V568000 (i) had a Class Vehicle experience an engine seizure, engine stall, engine noise, or illumination of the oil lamp diagnosed as requiring repair of the engine block, and (ii) sold or traded-in the Class Vehicle without first procuring the recommended repair, will be advised of a process for HMA to evaluate the Class member's transaction and propose

compensation for any effect on fair market value of the Class Vehicle. The amount of compensation shall consider, among other things, the Class member's sale or trade-in transaction as a whole. A Class member's maintenance history or lack thereof before the repair diagnosis (excepting limited exceptional neglect circumstances), shall not be a basis for denying or limiting compensation under this section. The notice, cure, and arbitration provisions of section III shall apply and be available to Class members who notify HMA of their circumstances under this section.

4. Class members previously reimbursed in full or part for rental car or towing expense or in connection with a sale or trade-in following an engine seizure, engine stall, engine noise, or illumination of the oil lamp diagnosed as requiring repair of the engine (e.g., through an HMA or dealership good will payment) shall not be entitled to a reimbursement under this settlement for that portion of the expense for which they have already been reimbursed.

E. Costs of Administration and Notice

1. HMA shall be responsible for all costs of Class notice and settlement administration. In no event shall Class Counsel or the Class be responsible for any costs associated with Class notice or settlement administration. Class Counsel retains the right to audit and review the administration of Claims, subject to Class Counsel establishing a good faith basis warranting the audit and review.

III. CLAIMS ADMINISTRATION

1. Claims submitted pursuant to this settlement may be submitted, at the election of the Class member, by U.S. mail, email, or through the dedicated settlement website discussed below. The mailing address and email address to which Class members may submit Claims, as well as Class members' right to submit their Claims through the settlement website, shall be posted prominently in each of the following locations: the Long Form Notice, the Pamphlet (once prepared and as made available before the Effective Date on the settlement website), the Claim Form, and the dedicated settlement website. The www.hyundaiusa.com/myhyundai website shall provide a link to the dedicated settlement website.

2. The claim form shall provide an option for class members to indicate a preference for communication via regular U.S. Mail. If HMA has an email address for a class member and the class member did not indicate on the claim form that he or she prefers to communicate via

regular U.S. Mail, HMA shall respond by email. In instances in which U.S. Mail is used, HMA shall respond using the address provided on the corresponding Claim Form.

3. Upon receipt of a Claim, HMA shall review the Claim to determine whether the Claim meets all qualifications for payment set forth in this agreement and, if so, the amount of the reimbursed owed.

4. Within 60 days of receiving a Claim, HMA shall provide written notice to the Class member who submitted it, notifying the Class member of:

- a. the amount, if any, that HMA proposes to reimburse the Class member under this settlement;
- b. the basis for HMA's decision to pay less than a full reimbursement (if applicable); and
- c. the Class member's right to attempt to cure any deficiency that led to HMA's proposal to award less than full reimbursement.

5. In response to receiving the written notice under section III.4, Class members may:

- a. Attempt to cure the deficiency stated as justification for not awarding a full reimbursement, by submitting the information and/or documentation identified by HMA as lacking in the Claim, within 30 days of receipt of the written notice. Within 30 days of receiving such a cure attempt, HMA will provide written notice to the Class member stating its final determination as to the total reimbursement to be paid to the Class member and the reasons for the reimbursement amount if less than requested; or
- b. Accept the partial reimbursement offered by HMA, which acceptance will be presumed if no cure attempt is received by HMA within 45 days of receipt of the written notice.

6. Within 60 days of receipt of HMA's final determination of a Claim, any Class member dissatisfied with HMA's determination may seek arbitration through a BBB administered alternative dispute resolution process by notifying HMA in writing that the Class member requests arbitration. HMA shall promptly provide copies of all such requests to Class Counsel, and shall initiate arbitration proceedings through a BBB administered alternative

dispute resolution process. The arbitration shall take place by written submission with a telephonic hearing to occur if the arbitrator determines it is needed. HMA shall provide Class Counsel with copies of any communications concerning such arbitration review, and Class Counsel shall have the right to participate in any written submission or telephonic hearing. The expense for the each such arbitration review shall be borne by HMA, except for attorneys' fees by Class Counsel or other counsel selected by the Class member (if any).

7. On a monthly basis beginning 30 days after the Notice Date, HMA shall provide Class Counsel with a copy of each final determination notice sent by HMA pursuant to section III.5.a along with the Claim Form and all other documentation associated with the Claim.

8. For each Claim qualifying for a reimbursement payment under this agreement, HMA shall mail to the Class member, at the address on the Claim Form, no later than 30 days after the Effective Date, a check or a reimbursement debit card, at the Class member's request. The debit cards provided under this settlement shall be redeemable for at least 90 days, without any fees charged by HMA or the debit card issuer, at ATMs and merchants that accept Visa cards. The debit cards shall indicate their "use by" dates on their face.

9. The value of any debit card shall remain the property of HMA unless and until it is expended by the Class member. Upon expiration of any debit card any unexpended funds shall become the permanent property of HMA.

10. The Parties acknowledge and agree that any and all provisions, rights, or benefits conferred by any law of any state or territory of the U.S., or any principle of common law, that provides for how residual amounts in a settlement fund should be distributed, including, but not limited to, California Code of Civil Procedure section 384(b), are not applicable to this Settlement Agreement. Although the Parties expressly agree that this settlement is not governed by California Code of Civil Procedure section 384(b) or other similar laws and does not create a settlement fund nor any "unpaid residue," the Class Representatives on behalf of themselves and the Class members nonetheless expressly acknowledge and agree that, to the extent permitted by law, they are waiving any protections of California Code of Civil Procedure section 384(b) and of any comparable statutory or common law provision of any other jurisdiction.

11. The Parties acknowledge and agree that the forms of compensation set forth in sections II.C and II.D do not constitute gift cards, gift certificates, or member rewards cards under any federal and/or state laws.

12. Nothing in this agreement shall be read to prevent HMA from electing, at its sole discretion and on a case-by-case basis, to implement or to continue to implement any customer satisfaction or goodwill policy, program, or procedure at its discretion, that provides consideration to Class members over and above that required by this settlement, without regard to the Class members' entitlement to relief under the settlement. No such election by HMA, however, shall act to deprive a Class member of the benefits available under the settlement.

IV. NOTICE TO THE CLASS

A. CAFA Notice

1. In compliance with the attorney general notification provision of the Class Action Fairness Act, 28 U.S.C. § 1715, HMA shall provide notice of this settlement to the Attorney General of the United States, and the attorneys general of each state or territory in which a Class member resides.

B. Notice Deadline

1. No later than the Notice Date, HMA shall cause notice to the Class to be disseminated by U.S. Mail, email, the dedicated settlement website (with a link to the dedicated settlement website from www.hyundaiusa.com/myhyundai), and through the Dealer Information Program, each as detailed below. The form and substance of all notices provided by HMA to Class members shall be subject to prior input and approval from Class Counsel.

C. Individual Class Notice Methods

1. HMA shall provide by direct U.S. mail, to all reasonably identifiable Class members, each of the following: (i) the Long Form Notice and (ii) a Claim Form following the Court granting preliminary approval to the class settlement. For purposes of identifying the requisite names and addresses, HMA agrees to provide, to the extent it has not already done so, all names and addresses of Class Vehicle owners, along with Class Vehicle VINs, to R.L. Polk & Company, or a similar third-party entity, who shall be authorized to use that information to obtain the names and most current addresses of Class Vehicle owners through state agencies. Prior to mailing individual notice, HMA shall conduct an address search through the United States Postal Service's National Change of Address database to update the address information for Class Vehicle owners. For each individual notice that is returned as undeliverable, HMA shall use its best efforts to conduct an advanced address search using HMA's customer database information regarding the Class Vehicle owner to obtain a deliverable address.

2. HMA shall provide by email, to all Class members for which HMA maintains email addresses, a hyperlink to the dedicated settlement website discussed below and electronic versions of each of the following: (i) the Long Form Notice, and (ii) a Claim Form following the Court granting preliminary approval to the class settlement

3. HMA shall maintain a dedicated settlement website—subject to Class Counsel approval—which will contain: (i) instructions on how to obtain reimbursements; (ii) a mechanism by which Class members can submit Claims; (iii) instructions on how to contact HMA for assistance with their Claims; (iv) the Long Form Notice; (v) the Pamphlet; (vi) the Claim Form; (vii) this agreement; (viii) any orders issued in this Action approving or disapproving of the proposed settlement; and (ix) any other information the Parties determine is relevant to the Settlement. HMA shall make the same information available to Class members through www.hyundaiusa.com/myhyundai via links to the dedicated settlement website (apart from the mechanism for submitting Claims).

4. HMA shall be prepared, through its customer service department, to respond to questions regarding the status of submitted Claims, how to submit a Claim, and other aspects of this settlement. HMA shall maintain a dedicated toll free telephone number for Class members to call. HMA may use the same toll free telephone number used for NHTSA Campaign Number 15V568000. The telephone number shall be listed on the Long Form Notice, Pamphlet, Claim Form, the dedicated settlement website, and www.hyundaiusa.com/myhyundai.

5. Within 90 days of the Notice Date, HMA shall provide Class Counsel with the total number of notices sent to Class members by U.S. mail and email, along with the numbers of notices returned as undeliverable.

6. Following the Effective Date of the Settlement Agreement, HMA shall provide by direct U.S. mail, to all reasonably identifiable Class members the Pamphlet. HMA shall use the name and address information compiled through the steps described in section IV.C.1 and the claims process pursuant to the Settlement Agreement.

7. Following the Effective Date of the Settlement Agreement, HMA shall provide by email, to all Class members for which HMA maintains email addresses, an electronic versions of the Pamphlet. Beginning no later than two weeks after the Effective Date and continuing throughout the period during which Class Vehicles remain within the Extended Warranty period, HMA shall take all actions reasonably necessary, including those specifically enumerated below,

to ensure that its authorized dealerships are educated about the provisions of this settlement that pertain to the Extended Warranty.

8. Beginning no later than two weeks after the Effective Date, HMA shall provide—in both hard copy and electronic form—the Pamphlet to each of its authorized dealerships, with instruction to disseminate the Pamphlet to any person who presents a Class Vehicle for maintenance or service of any type.

9. For three years following the Effective date, HMA shall provide annual reminders to its dealerships about the existence of the Extended Warranty and the provisions of this settlement that pertain to the Extended Warranty.

V. ATTORNEYS' FEES AND SERVICE PAYMENTS

1. Plaintiffs, through Class Counsel, shall petition the Court for an attorneys' fee award, cost award, and for Class Representative service payments. Any petition by Plaintiffs, through Class Counsel, shall be inclusive of an attorneys' fee and cost award sought on behalf of Gibbs Law Group, McCuneWright LLP, and Chimicles & Tikellis LLP, including any attorneys currently or previously affiliated with those law firms.

2. Subject to entry of the final approval order and judgment pursuant to section VII.B, HMA will not oppose, undermine, or solicit others to oppose or undermine an award of attorneys' fees and costs up to, but not to exceed, the total combined sum of \$795,000.00. The foregoing attorney fee award and cost applications are inclusive of Class Counsel and any claims by Gibbs Law Group, McCuneWright LLP, and Chimicles & Tikellis LLP, including any attorneys currently or previously affiliated with those law firms.

3. Subject to entry of the final approval order and judgment pursuant to section VII.B, HMA will not oppose, undermine, or solicit others to oppose or undermine Class Representative service payments in the amount of \$2,500 each (or \$5,000 total).

4. HMA agrees to pay the attorneys' fees, costs, and service payments not exceeding the amounts identified herein separate and apart from, and in addition to, the relief provided to the Class.

5. HMA shall pay Class Counsel the fees, expenses, and service payments awarded by the Court within the later of thirty (30) days following (i) the Effective Date or (ii) the first date after the Court enters an order awarding fees, expenses, and service payments, and all appellate rights with respect to said order have expired or been exhausted in such a manner as to

affirm the order. Within ten (10) days following the (i) the Effective Date or (ii) the first date after the Court enters an order awarding fees, expenses, and service payments, and all appellate rights with respect to said order have expired or been exhausted in such a manner as to affirm the order, Class Counsel shall provide HMA, for each payee, a W-9 and wire instructions on their firm letterhead for the payment to Class Counsel of fees, expenses, and service payments awarded by the Court.

VI. MUTUAL RELEASE

1. Upon entry of a Court order granting final approval of the settlement and entering judgment pursuant to section VII.B below, Releasors irrevocably release, waive, and discharge any and all past, present, and future liabilities, claims, causes of action, legal claims, damages, costs, attorneys' fees, losses, or demands that have been brought or could have been brought, whether known or unknown, existing or potential, or suspected or unsuspected relating to Class Vehicles against Releasees, whether or not specifically named herein, asserted or unasserted, under or pursuant to any statute, regulation, common law, or equitable principle, based on (i) the facts alleged in any complaint filed in the Action and all legal claims of whatever type or description arising out of, that may have arisen as a result of, or which could have been brought based on, any of the facts, acts, events, transactions, occurrences, courses of conduct, representations, omissions, circumstances or other matters pleaded in complaints filed in the Action, (ii) oil consumption, oil maintenance, engine repairs or replacement related to oil maintenance for the Class Vehicles, or engine durability related to oil maintenance for the Class Vehicles, or (iii) marketing or advertising for the oil consumption, oil maintenance, engine repairs or replacement related to oil maintenance for the Class Vehicles, or engine durability related to oil maintenance for the Class Vehicles. The Settlement Agreement and release do not release claims for (i) death, (ii) personal injury, (iii) damage to tangible property other than a Class Vehicle, or (iv) subrogation.

The release effected by this Settlement Agreement is intended to be a specific release and not a general release. If, despite, and contrary to the Parties' intention, a court construes the release as a general release under California law and determines that Section 1542 of the California Civil Code is applicable to the release, the Class Representatives, on behalf of themselves and all Class members, hereby expressly waive and relinquish to the fullest extent

permitted by law, the rights provided by Section 1542 of the California Civil Code, which provides:

Certain Claims Not Affected By General Release: A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor.

Each of the Class Representatives expressly acknowledges that the Class Representative has been advised by Class Counsel of the contents and effects of Section 1542, and with knowledge, each of the Class Representatives hereby expressly waives, on behalf of the Class Representative and all Class members, whatever benefits the Class Representatives and the Class members may have had pursuant to such section. Each of the Class Representatives hereby expressly waives, on behalf of the Class Representative and all Settlement Class Members, the benefit of any law of any state or territory of the United States, federal law or principle of common law, or of international or foreign law, which is similar, comparable, or equivalent to Section 1542 of the California Civil Code.

2. Plaintiffs and the Class members recognize that, even if they later discover facts in addition to or different from those which they now know or believe to be true, they nevertheless agree that, upon entry of the final approval order and judgment, Releasors fully, finally, and forever settle and release any and all legal claims against Releasees. The Parties acknowledge that this waiver and release were bargained for, and are material elements of the settlement.

3. By this agreement, HMA and Hyundai Motor Company, Ltd, release the Plaintiffs and Class Counsel from any and all claims or causes of action that were, or could have been, asserted by HMA or Hyundai Motor Company, Ltd, pertaining to this Action or settlement. HMA and Hyundai Motor Company, Ltd, recognize that, even if they later discover facts in addition to or different from those which they now know or believe to be true, both entities nevertheless agree that, upon entry of an order granting final approval to this settlement and entering judgment, HMA and Hyundai Motor Company, Ltd, fully, finally, and forever settle and release any and all such claims. The Parties acknowledge that this waiver and release were bargained for, and are material elements of the settlement.

4. This settlement and the release in the preceding paragraph do not affect the rights of Class members who timely and properly request exclusion from the Class, or anyone encompassed within the class definitions set forth in the complaints in this Action who are not a member of the Class defined in this agreement. The Parties do not intend this agreement and release to affect any legal claims that arise out of a consumer's purchase or use of any vehicle other than a Class Vehicle. The Settlement Agreement and release do not release claims for (i) death, (ii) personal injury, (iii) damage to tangible property other than a Class vehicle, or (iv) subrogation.

5. The administration and consummation of the settlement shall be under the authority of the Court. The Court shall retain jurisdiction to protect, preserve, and implement the settlement. The Court retains jurisdiction to enter such further orders as may be necessary or appropriate in administering and implementing the terms and provisions of the settlement, including, but not limited to, orders enjoining Class members from prosecuting claims that are released pursuant to the settlement and allowing for discovery related to objectors.

6. Upon issuance of the final approval order and judgment: (i) the settlement shall be the exclusive remedy for Class members; (ii) Releasees shall not be subject to liability or expense of any kind to any Class member(s) for reasons related to the Action except as set forth herein; and (iii) Class members shall be permanently barred from initiating, asserting, or prosecuting any and all released claims against the Releasees.

VII. SETTLEMENT APPROVAL PROCESS

1. The Parties acknowledge that prompt approval, consummation, and implementation of this settlement are essential. The Parties shall cooperate with each other in good faith to carry out the purposes of and effectuate this settlement, shall promptly perform their respective obligations hereunder, and shall promptly take any and all actions and execute and deliver any and all additional documents and all other materials and/or information reasonably necessary or appropriate to carry out the terms of this settlement and the transactions contemplated hereby.

A. Preliminary Court Approval

1. Promptly after execution of this settlement by the Parties, counsel for the Parties shall present this settlement to the Court for review and jointly seek entry of an order that

certifies the Class as a settlement class, grants preliminary approval of this settlement, and directs HMA to provide notice of the settlement in the manners listed herein.

2. No later than ten (10) days before the Court hearing on final approval of the settlement, HMA shall provide an affidavit for the Court, with a copy to Class Counsel, attesting that notice was disseminated in a manner consistent with the terms of this agreement, or as otherwise required by the Court.

B. Final Court Approval

1. Once the Court enters a preliminary approval order, counsel for the Parties shall use their best efforts to promptly obtain entry of a final order and judgment that:

- a. Finds the settlement to be fair, reasonable, and adequate;
- b. Finds that the Class notice given constitutes the best notice practicable;
- c. Approves the release specified in section VI as binding and effective as to all Class members who have not properly excluded themselves from the Class;
- d. Directs that judgment be entered on the terms stated herein; and
- e. Provides that the Court will retain jurisdiction over the Parties and Class members to enforce the terms of the final order and judgment.

2. Upon entry of the final order and judgment, this Action shall be dismissed, on its merits and with prejudice, with respect to all Plaintiffs and all Class members who have not properly excluded themselves from the Class, and without prejudice as to anyone else, subject to the continuing jurisdiction of the Court.

VIII. REQUESTS FOR EXCLUSION

1. The provisions of this section shall apply to any request by a Class member for exclusion from the Class.

2. Any Class member may make a request for exclusion by submitting such request in writing as set forth in the Class notice.

3. Any request for exclusion must be submitted not later than the date specified in the Court's preliminary approval order.

4. Any request for exclusion shall (i) state the Class member's full name and current address, (ii) provide the model year and Vehicle Identification Number ("VIN") of his/her/its

Class Vehicle(s) and the approximate date(s) of purchase or lease, and (iii) specifically and clearly state his/her/its desire to be excluded from the settlement and from the Class.

5. Failure to comply with these requirements and to timely submit the request for exclusion will result in the Class member being bound by the terms of the Settlement Agreement.

6. Any Class member who submits a timely request for exclusion may not file an objection to the settlement and shall be deemed to have waived any rights or benefits under this agreement.

7. HMA shall report the names of all Class members who have submitted a request for exclusion to Class Counsel on a weekly basis, beginning 30 days after the Notice Date.

IX. OBJECTIONS

1. The Parties will request that the Court enter an order requiring any Class member who wishes an objection to be considered, to submit a written notice of objection to HMA by the deadline set in the Court's preliminary approval order.

2. To state a valid objection to the settlement, an objecting Class member must provide the following information in his, her, or its written objection: (i) his/her/its full name, current address, and current telephone number; (ii) the model year and VIN of his/her/its Class Vehicle(s); (iii) a statement of the objection(s), including all factual and legal grounds for the position; (iv) copies of any documents the objector wishes to submit in support; and (v) sign and date the objection. In addition, any Class member objecting to the settlement shall provide a list of any other objections submitted by the objector, or the objector's counsel, to any class action settlements submitted in any court in the United States in the previous five years. If the Class member or his or her counsel has not made any such prior objection, the Class member shall affirmatively so state in the written materials provided with the objection.

3. If the objecting Class member intends to appear, in person or by counsel, at the final approval hearing, the objecting Class member must so state in the objection. Any Class member who does not state his or her intention to appear in accordance with the applicable deadlines and other specifications, or who has not filed an objection in accordance with the applicable deadlines and other specifications, will be deemed to have waived any objections to the settlement and can be barred from speaking or otherwise presenting any views at the final approval hearing.

4. The Parties will request that the Court enter an order providing that the filing of an objection allows Class Counsel or counsel for HMA to notice such objecting person for and take his, her, or its deposition consistent with the Federal Rules of Civil Procedure at an agreed-upon location, and to seek any documentary evidence or other tangible things that are relevant to the objection. Failure by an objector to make himself/herself/itself available for a deposition or comply with expedited discovery requests may result in the Court striking the objection and otherwise denying that person the opportunity to be heard. The Court may tax the costs of any such discovery to the objector or the objector's counsel should the Court determine that the objection is frivolous or made for improper purpose.

5. These procedures and requirements for objecting are intended to ensure the efficient administration of justice and the orderly presentation of any Class member's objection to the settlement, in accordance with the due process rights of all Class members.

X. MISCELLANEOUS

A. Choice of Law

1. This agreement shall be governed by and construed in accordance with the substantive laws of the State of California without giving effect to any choice or conflict of law provision, or rule that would cause the application of the laws of any other jurisdiction.

B. Not Evidence

1. The Parties understand and acknowledge that this agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties, either previously or in connection with the negotiations or proceedings connected with this agreement, shall be deemed or construed to be an admission of the truth or falsity of any claims or defenses heretofore made or an acknowledgment or admission by any party of any fault, liability or wrongdoing of any kind whatsoever to any other party.

2. Neither this agreement nor any act performed or document executed pursuant to or in furtherance of it: (a) is, or may be deemed to be, or may be used as, an admission of, or evidence of, the validity of any legal claim made by Plaintiffs or Class members, or of any wrongdoing or liability of HMA, or (b) is, or may be deemed to be, or may be used as, an admission of, or evidence of, any fault or omission of Releasees in any proceeding in any court, administrative agency, or other tribunal.

3. This provision shall survive the expiration or voiding of the agreement.

C. Headings

1. The headings of the sections and paragraphs of this agreement are included for convenience only and shall not be deemed to constitute part of this agreement or to affect its construction.

D. Effect of Exhibits

1. The exhibits to this agreement are an integral part of the settlement and are expressly incorporated and made a part of this Settlement Agreement.

E. Entire Agreement

1. This agreement represents the entire agreement and understanding among the Parties and supersedes all prior proposals, negotiations, agreements, and understandings relating to the subject matter of this agreement. The Parties acknowledge, stipulate, and agree that no covenant, obligation, condition, representation, warranty, inducement, negotiation, or understanding concerning any part or all of the subject matter of this agreement has been made or relied on except as expressly set forth in this agreement. No modification or waiver of any provisions of this agreement shall in any event be effective unless the same shall be in writing and signed by the person or Party against whom enforcement of the agreement is sought.

F. Counterparts

1. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original as against any Party who has signed it, and all of which shall be deemed a single agreement.

G. Arm's-Length Negotiations

1. The Parties have negotiated all of the terms and conditions of this settlement at arm's length. The provisions for attorneys' fees and costs and service awards set forth herein were negotiated separately from and after agreement on the provisions for relief to Plaintiffs and the Class.

2. All terms, conditions, and exhibits in their exact form are material and necessary to this agreement and have been relied upon by the Parties in entering into this agreement.

3. The determination of the terms of, and the drafting of, this agreement has been by mutual agreement after negotiation, with consideration by and participation of all Parties and their counsel. Since this agreement was drafted with the participation of all Parties and their counsel, the presumption that ambiguities shall be construed against the drafter does not apply.

The Parties were represented by competent and effective counsel throughout the course of settlement negotiations and in the drafting and execution of this agreement, and there was no disparity in bargaining power among the Parties to this agreement.

H. Good Faith

1. The Parties acknowledge that prompt approval, consummation, and implementation of this settlement is essential. The Parties shall cooperate with each other in good faith to carry out the purposes of and effectuate this settlement, shall promptly perform their respective obligations hereunder, and shall attempt to resolve any dispute that may arise under this settlement in a good faith and expeditious manner.

I. Continuing Jurisdiction

1. The Parties agree the Court may retain continuing and exclusive jurisdiction over them, and all Class Members, for the purpose of the administration and enforcement of this settlement.

J. Extensions of Time

1. The Parties may agree upon a reasonable extension of time for deadlines and dates reflected in this Settlement Agreement without further notice (subject to Court approval as to court dates).

K. Service of Notice

1. Whenever, under the terms of this agreement, written notice is required to HMA or Class Counsel, such service or notice shall be directed to the individuals and addresses specified below, unless those individuals or their successors give notice to the other parties in writing:

As to Plaintiffs: Eric H. Gibbs
David Stein
GIBBS LAW GROUP LLP
One Kaiser Plaza, Suite 1125
Oakland, California 94612


Joseph G. Sauder
Matthew D. Schelkopf
MCCUNEWRIGHT LLP
1055 Westlakes Drive, Suite 300
Berwyn, Pennsylvania 19312

As to HMA:

Shon Morgan
Joseph R. Ashby
**QUINN EMANUEL URQUHART
& SULLIVAN, LLP**
865 S. Figueroa St. 10th Floor
Los Angeles, California 90017

IN WITNESS HEREOF, each of the Parties hereto has caused this agreement to be executed, as of the day(s) set forth below.

Dated: April 11, 2016

By: 
Eric H. Gibbs
GIBBS LAW GROUP LLP
One Kaiser Plaza, Suite 1125
Oakland, California 94612

Dated: April __, 2016

By: _____
Matthew D. Schelkopf
MCCUNEWRIGHT LLP
1055 Westlakes Drive, Suite 300
Berwyn, Pennsylvania 19312

Interim Class Counsel

Dated: April __, 2016

By: _____
Shon Morgan
**QUINN EMANUEL URQUHART
& SULLIVAN, LLP**
865 S. Figueroa St. 10th Floor
Los Angeles, California 90017


Counsel for Defendant Hyundai Motor America

IN WITNESS HEREOF, each of the Parties hereto has caused this agreement to be executed, as of the day(s) set forth below.

Dated: April __, 2016

By: _____
Eric H. Gibbs
GIBBS LAW GROUP LLP
One Kaiser Plaza, Suite 1125
Oakland, California 94612

Dated: April 13, 2016

By: 
Matthew D. Schelkopf
MCCUNEWRIGHT LLP
1055 Westlakes Drive, Suite 300
Berwyn, Pennsylvania 19312

Interim Class Counsel

Dated: April __, 2016

By: _____
Shon Morgan
**QUINN EMANUEL URQUHART
& SULLIVAN, LLP**
865 S. Figueroa St. 10th Floor
Los Angeles, California 90017

Counsel for Defendant Hyundai Motor America

IN WITNESS HEREOF, each of the Parties hereto has caused this agreement to be executed, as of the day(s) set forth below.

Dated: April __, 2016

By: _____

Eric H. Gibbs
GIBBS LAW GROUP LLP
One Kaiser Plaza, Suite 1125
Oakland, California 94612


Dated: April __, 2016

By: _____

Matthew D. Schelkopf
MCCUNEWRIGHT LLP
1055 Westlakes Drive, Suite 300
Berwyn, Pennsylvania 19312

Interim Class Counsel

Dated: April 11, 2016

By:  _____

Shon Morgan
**QUINN EMANUEL URQUHART
& SULLIVAN, LLP**
865 S. Figueroa St. 10th Floor
Los Angeles, California 90017

Counsel for Defendant Hyundai Motor America

EXHIBIT 2

Recall Quarterly Report**15V-568**

Manufacturer Name : Hyundai Motor America
NHTSA Recall No. / MFR Recall No. : 15V-568 /132
Recall Subject : Connecting Rod Wear may Result in Engine Stall
Owner Notification Beginning Date : JAN 06, 2016
Owner Notification End Date: JAN 25, 2016



Report #	Submission Date	Report Quarter	Recall Population	Total Remedied	Total Unreachable	Total Removed
2	JUL 30, 2016	2016-2	470,000	280,741	10,176	0
1	APR 21, 2016	2016-1	470,000	228,475	4,642	0

This Document Last Updated : AUG 02, 2016

Definitions :

Report Quarter : The quarter the manufacturer is reporting recall completion figures (e.g. 2012-3 means the 3rd quarter of 2012).

Recall Population : The total number of products recalled by the manufacturer.

Total Remedied : The total number of products either remedied, inspected without needing remedy, or returned to inventory.

Total Unreachable : Products deemed unreachable as owner notifications were unable to be delivered.

Total Removed : Products that have been scrapped, stolen, or exported.

1 QUINN EMANUEL URQUHART & SULLIVAN, LLP

Shon Morgan (Bar No. 187736)

2 Joseph R. Ashby (Bar No. 248579)

865 S. Figueroa St. 10th Floor

3 Los Angeles, California 90017

4 Telephone: (213) 443-3252

Facsimile: (213) 443-3100

5 shonmorgan@quinnemanuel.com

6 josephashby@quinnemanuel.com

7 *Counsel for Defendant Hyundai Motor America*

8
9 **UNITED STATES DISTRICT COURT FOR THE**
NORTHERN DISTRICT OF CALIFORNIA
10 **SAN JOSE DIVISION**

11 IN RE: HYUNDAI SONATA
ENGINE LITIGATION

Case No. 5:15-cv-1685-BLF

Hon. Beth Labson Freeman

**DECLARATION OF SANDY
ZIELOMSKI**

28

Declaration of Sandy Zielomski

I, Sandy Zielomski, declare as follows:

1. I am the Senior Group Manager for Customer Connect at Hyundai Motor America (“HMA”). Unless otherwise noted, I make this declaration of personal, firsthand knowledge, and if called and sworn as a witness, I could and would testify competently thereto.

2. I have worked for HMA for more than 31 years. I have been in my current position of Senior Group Manager for Customer Connect at HMA since April 2012. I manage all of HMA’s call centers and customer-focused special programs. In this role I am familiar with the recall campaign HMA initiated for the 2011-2012 Model Year Hyundai Sonata with the 2.0 liter or 2.4 liter gasoline direct injection engine related to engine oil lubrication and connecting rod bearing wear, the extended warranty HMA initiated for the 2013-2014 Model Year Hyundai Sonata with the 2.0 liter or 2.4 liter gasoline direction injection engine related to engine oil lubrication and connecting rod bearing wear, and the proposed class settlement in *In re Hyundai Sonata Engine Litigation*.

3. The proposed settlement in the *In re Hyundai Sonata Engine Litigation* includes approximately 885,000 vehicles.

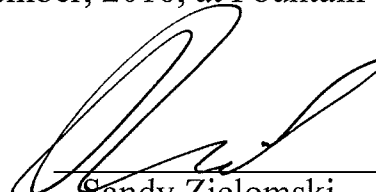
4. Through August 14, 2016, approximately 301,520 vehicles have been remedied as part of the recall or extended warranty for affected Hyundai Sonata vehicles. This figure includes both repaired vehicles and those inspected but found not to require repairs. Since inception of the settlement notice campaign on August 15, 2016, through September 23, 2016, an additional 10,917 vehicles have been remedied. The total number of unique Vehicle Identification Numbers remedied as of September 23, 2016, is 312,059 (this total is net of some duplicate VINs).

5. The recall, voluntary extended warranty, and proposed settlement also provide means to obtain monetary reimbursements in addition to inspection and

1 repair remedies. Through August 14, 2016, HMA had agreed to provide
2 reimbursements to 1,802 owners or lessees who had repairs performed before the
3 recall and extended warranty were announced. Following the initiation of
4 settlement notices, HMA has approved reimbursement claims by an additional 385
5 owners or lessees.

6 I declare under penalty of perjury under the laws of the United States of
7 America that the foregoing is true and correct.

8 Executed on this 28th day of September, 2016, at Fountain Valley,
9 California.

10
11 
12 _____
13 Sandy Zielomski
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28