

STATE OF NEW MEXICO  
COUNTY OF BERNALILLO  
SECOND JUDICIAL DISTRICT COURT

SHERRI BARTH, FREDDIE MORA,  
JULIAN OCHOA and DESIREE MOYA,  
on behalf of themselves and others similarly situated,

Plaintiffs,

v.

D-202-CV-2015-08162

COURTESY LOANS OF NEW MEXICO, LLC,

Defendant.

### **CLASS ACTION SETTLEMENT AGREEMENT**

1. **Parties.** The parties to this Class Action Settlement Agreement ("Agreement") are Sherri Barth, Freddie Mora, Julian Ochoa and Desiree Moya ("Plaintiffs"), individually and on behalf of the Classes; Courtesy Loans of New Mexico, LLC ("Courtesy Loans" and also "Defendant"). The guarantors ("Guarantors") of this agreement are: Langley Management; Courtesy Finance Holding Co., LLC; Michael G. Langley; Michael & Dana Langley Irrevocable Trusts #1 and #2, and all other affiliates, members, owners and agents of the Defendant and the Guarantor entities. Plaintiffs and Defendant are referred to collectively as "the Parties." This Agreement binds Plaintiffs, the Classes, Defendant, the Guarantors, their agents, successors and assigns. This agreement does not impact any remaining loans outstanding from non-class members.
2. **Nature of Litigation.** In 2015 Plaintiff Sherri Barth filed her Class Action Complaint in New Mexico Second Judicial District Court, Case No. D-202-CV-2015-08162 ("the Lawsuit"), alleging that she and a putative class were entitled to various remedies relating to Defendant's loans. The Court later entered an order allowing Ms. Barth to

add Freddie Mora, Julian Ochoa, and Desiree Moya as putative class representatives. On October 2, 2020 the plaintiffs filed the second amended complaint. Following additional litigation, a trial April 25, 2022 and negotiations, on October 11, 2022 the Parties and Guarantors reached settlement.

3. Defendant and Guarantors consider it desirable that this Lawsuit and the claims herein be settled upon the terms and conditions set forth in this Agreement, in order to avoid disruption of their business, further expense and burdensome, protracted litigation.
4. **Investigation.** Attorneys for Plaintiffs and the putative classes ("Class Counsel") have investigated facts and law relevant to collection of their judgment. Class Counsel have taken the deposition of a designated representative of Defendant and have reviewed responses and documents from Defendant. Defendant warrants that, to the best of its knowledge, the testimony and representations of its witness and its agents, as well as the records provided, are truthful, accurate, and contain no significant omissions. This warranty specifically includes, but is not limited to, the following:
  - a. Information as to the various entities that own and manage Courtesy Loans of New Mexico, LLC; and
  - b. The information contained in Defendant's financial records, disclosed to Plaintiffs.

Defendant and Guarantors acknowledge that Plaintiffs and Class Counsel have relied on this information in agreeing to this Agreement.

5. **Compromise.** Plaintiffs, on behalf of the Class and subclass, desire to settle the claims against Defendant and Guarantors, having taken into account, through Class Counsel, the risks, delay and difficulties involved in further litigation. Based on the foregoing, and

upon an analysis of the benefits that this Agreement affords the Class, Plaintiffs consider it to be in the best interests of the Class and Subclass to enter into this Agreement.

6. In consideration of the foregoing and other good and valuable consideration, the Parties agree that the claims of Plaintiffs and the Class Members should be and are compromised and settled, subject to the approval of the Court, upon the following terms and conditions.

### **TERMS OF SETTLEMENT**

1. **Effective Date.** This Agreement shall become fully effective upon the date that all of the following have occurred ("Effective Date"): (1) the Court has entered a Final Order approving this Agreement; and (2) the Final Order has become final, meaning that there have been no objections, or if there have been any objections, the time for appeal by an objector has expired, or, if there has been an appeal, that the Final Order has been upheld on appeal without material change.
2. **Class Definition.** The Class and subclass are defined as follows:  
  
The Class consists of all customers sued by Courtesy Loans, beginning four years prior to the filing of this lawsuit (including persons who were sued after the date this action was filed), where a non-lawyer employee of Courtesy Loans signed the complaint or another pleading, or where a non-lawyer employee appeared in Court to litigate the case for the company. The Subclass consists of all class members from whom Courtesy Loans collected money pursuant to the lawsuits it filed, principally by garnishment of their wages.
3. **Relief.**
  - a. **Generally.** The monetary portion of the settlement is in the amount of \$ \$1,782,548.00 ("Settlement Amount"). Additional consideration is set forth herein. This relief is all-inclusive, encompassing all attorney fees, costs,

costs of administration, interest, expenses, and service awards. It reflects the entire agreement between the Parties. Plaintiff is responsible for calculating and determining the distributions to the Class Members. Tax obligations which may arise by virtue of the payments to Class Members made pursuant to the Agreement, if any, are solely the responsibility of the persons who receive such payments, and are not the responsibility of Defendant or Guarantors.

- b. **Monetary Relief.** Payment of \$450,000.00 shall be made to Feferman & Warren LLC Trust Account (or directly to another account or to the Class Administrator of Plaintiff's choice, if so directed by Class Counsel) within 5 days of the Court's preliminary approval of this Settlement Agreement. Payment shall be made by check or wire transfer, as directed by Class Counsel. The remaining \$1,332,548.00 \_\_\_\_\_ shall be paid in four installments of \$266,509.00 \_\_\_\_\_, beginning December 1, 2022, then successively on or before January 3, 2023, February 1, 2023, March 1, 2023, and a fifth installment of \$266,512.00 on or before April 4, 2023.

- c. **Utilization of Monetary Relief.** The Settlement Amount will be utilized as follows:

- i. **Payment of Class Counsel Fees and Costs.** Plaintiff will submit a new attorney fee application to the Court. Defendant will not oppose Plaintiff's fee application and agree that hourly billing rates of \$295 for attorney Mattison and \$395 for attorney Feferman are fair and reasonable and that Class Counsel are entitled to an award under standard percentage of the common fund and lodestar principles. This sum also includes gross receipts tax, reimbursement of all taxable

costs, and all out-of-pocket expenses, including costs for co-counsel Askew & White who assisted in post-judgment collection activities.

- ii. **Payment of Costs of Administration.** Plaintiff may hire a third-party administrator to update addresses of Class Members and process notices and payments to Class Members. Defendant and Guarantors shall not oppose the hiring of the administrator and Plaintiffs' request for compensation of the administrator from the Settlement Amount.
- iii. **Service Awards for Named Plaintiff.** In recognition of their active and essential role in the litigation of this case, Sherri Barth will receive \$ @ as a service award for her efforts, and Freddie Mora, Julian Ochoa and Desiree Moya each will receive \$ @ for their efforts, subject to Court approval. Defendant and Guarantors shall not oppose Plaintiffs' request for service awards for plaintiffs.
- iv. **Monetary Relief to the Class.** After payment of the above sums, the balance remaining from the total monetary Settlement Amount will be distributed to Class Members. The distribution is based on a plan to be determined by Plaintiffs, and it will be set forth in the Motion for Preliminary Approval. The plan provides for reimbursement to each subclass member, equal to the amount paid by that person on that person's loan(s) from Courtesy Loans, for approximately 1,254 subclass members and is anticipated to involve payments totaling approximately \$569,000. The plan also provides for payment of an additional amount of \$ @@ for each subclass member, which is anticipated to involve payments to

subclass members totaling \$ @@. Defendant and Guarantors have approved and shall not oppose this plan of distribution.

- d. **Distribution of Monetary Relief to the Class.** Within 45 days after the Effective Date ("Mailing Deadline"), Class Counsel (through the third-party administrator) will distribute Class Members' portion of the Settlement Fund in the form of checks ("First Mailing"), which will become void 90 days from the date of issue, to such members of the Class and Subclass as can be located with reasonable effort.
- i. In the event that a Class Member who is entitled to a payment is deceased, the payment shall be issued to a person reasonably believed to be that person's heir or beneficiary, upon presentation of reasonable written documentation by such person to Class Counsel. Plaintiff is solely responsible for this determination, and Defendant and Guarantors shall have no liability relating to such determination.
- ii. **Unclaimed Amounts.** The total cash amount of all checks written to Class Members who fail to cash their checks by the void date ("Cash Remainder") will first be used to pay any costs of notice and administration not otherwise funded hereunder. Thereafter, the remainder will be distributed in a second round of checks ("Second Mailing") to those Class Members who did cash their checks, if practicable and economical, as follows: first, the cost of the Second Mailing will be deducted from the Cash Remainder; second, the remaining amount of the Cash Remainder will be distributed to Class Members in accordance with

a plan to be determined by Plaintiff. If the Second Mailing is determined not to be practicable or economical, or if a Cash Remainder still exists after the Second Mailing, the Cash Remainder will be donated to Equal Access to Justice, a 501(c)(3) organization which provides funding to legal aid organizations providing services to low income persons in New Mexico. Defendant and Guarantors will not oppose Plaintiff's plan for distribution of unclaimed amounts, including any change to the *cy pres* recipient. The Parties agree that in no case shall the Cash Remainder be returned to Defendant or Guarantors, and that if the Court orders the Cash Remainder to be disposed of in some other manner, it shall not constitute a material change to this Agreement.

e. **Non-Monetary Relief.**

- (1) Upon execution of this agreement by Defendant and Guarantors, within five days Plaintiffs will release Defendant and Barnett Law Firm from any outstanding writs of execution and garnishment. Plaintiffs will file notice of pending settlement with the court and will cease collection activities. Plaintiffs will execute such documents to effect the return to Courtesy Loans of any personal property taken as a result of the writs.

- (2) **Motion for Appointment of Receiver.** No later than the close of business October 11, 2022 or the date of execution of this Settlement Agreement, whichever comes later, the Plaintiffs shall withdraw their Motion for Appointment of Receiver.

- (3) **Loan Balances.** Defendant shall write off the loan balances for all class and subclass members.

- (4) **Credit Reporting.** Defendant will delete trade lines and cease any further credit reporting for

the loans of class members.

- (5) **Satisfaction of Judgments.** Defendant will file satisfactions of judgments for all remaining unsatisfied judgments against class members, within 90 days of court approval of settlement.
- (6) **Stay and Dismissal of Appeal.** Defendant will request a stay of all proceedings in its appeal from the district court judgment, within five business days of the Plaintiffs' executing this agreement. If the stay is not granted, the parties will agree to continue to extend briefing and other deadlines in the appeal while the settlement is pending approval. Defendant will dismiss the appeal with prejudice within 14 days of final court approval of this settlement.
- (7) **Suspend action on the case.** Plaintiffs will suspend all discovery requests and pleading deadlines in the case.
- (8) **Release By Plaintiffs and the Classes:** Plaintiffs, as of the Effective Date, on their own behalf and on behalf of the Class and Subclass, release all claims against Defendant and Guarantors that were or could have been brought in the Lawsuit, or which could have been brought post-judgment to collect the court's judgment, based on the transactions giving rise to class membership. This means and includes, to the full extent of issue and claim preclusion and res judicata principles, any and all known and unknown claims, rights, demands, actions, claims, causes of action, allegations, or suits of whatever kind or nature, relating in any way whatsoever to the loan agreements detailed in the class definition set forth herein. Plaintiffs agree that it is their intention in executing the release for themselves and for the Class and Subclass Members that they fully, finally and forever settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) with respect to the released claims. To the extent that any applicable statutes or principles of law limit the release of unknown claims, such



statutes and principles shall be knowingly and voluntarily waived to the maximum extent permitted by law.

- f. This release is conditioned upon the performance by Defendant and Guarantors of their obligations toward Plaintiff and the Class Members, as set forth in this Agreement.
4. If this Agreement is not approved by the Court or for any reason does not become effective, it shall be deemed null and void and shall be without prejudice to the rights of the Parties hereto and shall not be used as a limitation on the Class or Subclass's alleged damages nor an admission, or evidence, of liability by Defendant or Guarantors in any subsequent proceedings in this or any other litigation, or in any manner whatsoever. If the Court materially modifies a provision of the settlement agreement or if any of the terms of the settlement agreement materially impaired, then the Parties, in their sole discretion, shall have the option of terminating the Agreement and the Agreement shall be null and void and of no force or effect. The agreement shall not be voided by non-material changes during the approval process.
5. **Approval of Settlement.** Defendant and Guarantors shall cooperate in all procedural requirements for approval and effectuating this Agreement, including but not limited to:
  - a. Motion for Preliminary Approval;
  - b. Motion for Final Approval;
  - c. Motion for Attorney Fees and Costs;
  - d. Motion for Service Awards; and
  - e. All other matters required for the efficient administration of the Agreement.
6. **Court Required Changes to Agreement.** In the event that the Court conditions its

preliminary or final approval of this Agreement on any changes to the Agreement, the Parties shall in good faith consider such changes and consent to them if they do not materially alter the obligation of the party. Changes that merely alter wording or that reasonably modify timing of any event do not materially change the obligations hereunder.

7. **Notice.** As ordered by the Court following preliminary approval of this Agreement, Plaintiffs will send Notice to Class Members in a form to be approved by the Court. The Notice shall explain the terms of this Agreement, Class and Subclass Members' right to opt out or object, the deadline and procedure for opting out or objecting, and the date of the approval hearing.
8. **Right to Opt Out or Object.** Any Class Member may opt out of this Agreement or object to this Agreement. Class Members will have 45 days from the deadline for mailing Notice to submit their objections. Opt out notices and objections must be filed in Court by the deadline, with a copy to Richard N. Feferman, 300 Central Ave. SW, Ste. 2000 West, Albuquerque, NM 87102. Opt out notices must state the name and number of the case; the Class Member's name, address, and phone number, and a clear statement that the Class Member chooses not to participate as a Class Member. Objections must state the name and number of the case; the Class Member's name, address, and phone number; and a detailed statement of the Class Member's objection and the grounds supporting it. Defendant and Guarantors recognize that Class Members have the right to opt out or object to settlement, and the fact of opting out or objecting to settlement shall not void the Agreement.
9. **Cooperation.** The Parties and their attorneys agree to cooperate fully with one another

in seeking court approval of this Agreement, and to use their best efforts to effect the consummation of this Agreement and the settlement provided for herein as soon as is reasonably possible. Defendant and Guarantors agree to cooperate in any additional pleadings, proceedings, disclosure of information, or other activities required for court approval of the settlement agreement. Defendant agrees to provide information necessary for Plaintiff to identify and distribute proceeds to Class and Subclass Members. If practicable, Defendant specifically agrees to provide complete last known addresses, Social Security numbers and dates of birth for all class and subclass members.

10. The foregoing constitutes the entire agreement between these Parties with regard to the subject matter hereof and may not be modified or amended except in writing, signed by all Parties affected by the amendment, and approved by the Court.
11. This Agreement may be executed in counterparts, in which case the various counterparts shall be said to constitute one instrument for all purposes. The several signature pages may be collected and annexed to one or more documents to form a complete counterpart. Reproductions of executed copies of this Agreement may be treated as originals.
12. Each and every term of this Agreement shall be binding upon Plaintiff, Defendant, Guarantors, and their successors and assigns. All of these persons and entities are intended to be Parties to this Agreement.
13. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New Mexico.

IN WITNESS WHEREOF, the Parties have so agreed. This agreement may be executed

in counterparts.

 10/26/22

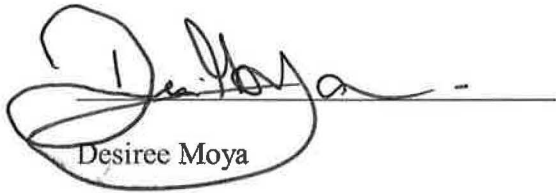
Sherri Barth



Freddie Mora

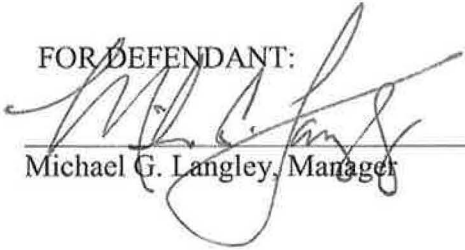


Julian Ochoa

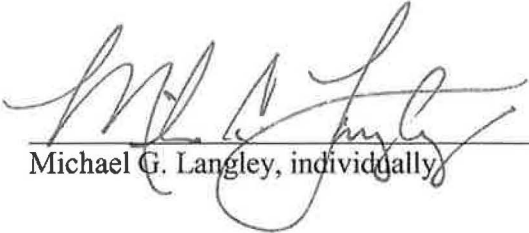


Desiree Moya

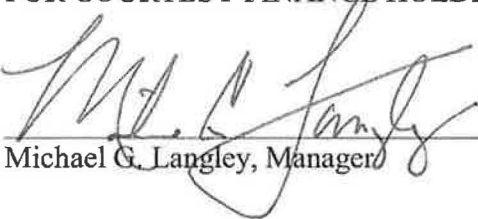
FOR DEFENDANT:

  
Michael G. Langley, Manager

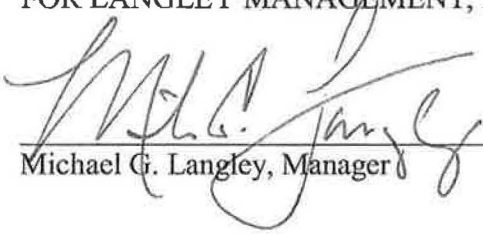
FOR GUARANTORS:

  
Michael G. Langley, individually

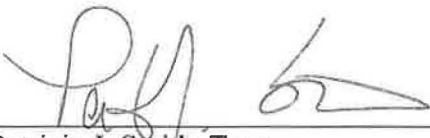
FOR COURTESY FINANCE HOLDING CO., L.L.C.

  
Michael G. Langley, Manager

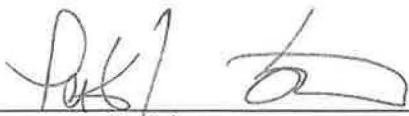
FOR LANGLEY MANAGEMENT, L.L.C.

  
Michael G. Langley, Manager

FOR THE MICHAEL & DANA LANGLEY IRREVOCABLE TRUST #1

  
Patricia J. Smith, Trustee

FOR THE MICHAEL & DANA LANGLEY IRREVOCABLE TRUST #2

  
Patricia J. Smith, Trustee