

**IN THE STATE OF MICHIGAN
COURT OF CLAIMS**

KELLIE SAUNDERS, et al.,

Plaintiffs,

Case No. 22-000007-MM

v.

Hon. Brock A. Swartzle

STATE OF MICHIGAN
UNEMPLOYMENT INSURANCE
AGENCY and JULIA DALE, in her
official capacity,

Defendants.

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**MARCH 3, 2025 UNOPPOSED MOTION FOR FINAL APPROVAL
OF CLASS ACTION SETTLEMENT**

Plaintiffs hereby move for final approval of the Class Action Settlement Agreement and for the reasons discussed in the accompanying brief, request that this Court:

1. Grant Final Approval of the Class Action Settlement Agreement between the Parties, establishing a gross common fund of \$55 Million, together with interest earned to date of approximately \$1.5 Million, for purposes of paying claims settlement awards, costs and attorneys' fees, as a fair just and equitable resolution of this matter.

Document received by the MI Court of Claims.

2. Enter an Order of Final Judgment, pursuant to MCR 3.501(D).
3. Certify the Class to be bound pursuant to MCR 3.501(D)(1) as: all claimants who were subject to improper collection based on agency collection activity on any unemployment insurance claim filed from March 1, 2020 through April 25, 2024.
4. Find that the judgment entered binds all members of the class who have not submitted an election to be excluded, unless otherwise directed by this Court. MCR 3.501(D)(5).
5. Approve payments from a Net Settlement fund of \$34,373,886.55 to 23,212 eligible class members who filed timely claims, as calculated by the Settlement and Claims Administrator, Analytics Consulting LLC, and further described in Plaintiffs Brief in Support of this Motion.
6. Approve establishment of a Reserve Fund in the Amount of \$1,100,000.00 set aside to pay late claims for a period of 18 months, and approving initial payment of 592 late claims already received to date as calculated by the Settlement and Claims Administrator, Analytics Consulting LLC, and further described in Plaintiffs Brief in Support of this Motion.
7. Approve establishment of a Relief Fund in the Amount of \$1,650,000.00 to be administered by the State Bar Foundation according to the terms of the Settlement Agreement and approving distribution of the remainder of the Relief Fund after initial distribution of \$500,000.00 upon the Court's Preliminary Settlement Approval.
8. Approve Payment of estimated costs and expenses incurred in the prosecution of this matter and the administration of settlement, in an amount currently estimated as approximately \$342,000.00 (and not to exceed \$500,000.00), with any remaining amounts set-aside upon Preliminary Approval returning to the Gross Settlement Fund for the benefit of the Class Members.
9. Approve distribution of service awards to Class Representatives and Named Plaintiffs for their efforts in securing this settlement for the benefit of the class, in the Amount of \$25,000.00 to each

class representative, for a gross amount of \$275,000.00.

10. Appoint David Blanchard of Blanchard & Walker PLLC as class counsel for all purposes related to representing the interests of the class and supervising administration of the settlement.

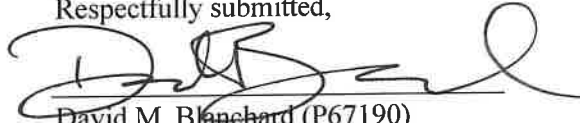
11. Approve payment of attorney fees to Class Counsel in the amount of 1/3 of the Gross Settlement Fund, or approximately \$18,333,333.33.

12. Designate the State Bar Foundation of Michigan as *cy pres* recipient pursuant to MCR 3.501(D)(6) for purposes of receiving any residual settlement funds in the form of uncashed checks or residual amounts in the Reserve Fund upon the expiration of the late claims period, consistent with the terms of the Settlement Agreement.

13. Order that Class Counsel shall file reports on the Court docket (1) within 30 days of initial distribution of settlement funds and (2) again, within thirty days of final distribution of the Reserve Fund and any residual funds remaining, detailing and accounting for the distribution of all settlement funds.

14. For the reasons stated in Plaintiffs' Brief in Support, this Unopposed Motion should be Granted

Respectfully submitted,



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Dated: March 3, 2025

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**BRIEF IN SUPPORT OF PLAINTIFFS' UNOPPOSED MOTION FOR
FINAL APPROVAL OF SETTLEMENT**

Document received by the MI Court of Claims.

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I. INTRODUCTION

Plaintiffs initiated this action against the State of Michigan Unemployment Insurance Agency (the “Agency”) and Director Julia Dale in her official capacity, alleging that they were subjected to deprivation of due process when Defendant initiated collection activity without notice and opportunity to be heard. After years of litigation and negotiations, the parties have reached a Settlement Agreement which was preliminarily approved by the Court on April 25, 2024. Upon final Court approval, the settlement distributions will resolve the Plaintiffs’ claims and provide meaningful relief to Plaintiffs and other similarly situated Michigan residents subjected to Defendants’ improper collection practices.

Following an extensive six month notice and claims process, the Claims Administrator has received and approved over 23,000 eligible class member claims. Under distribution calculations more fully discussed herein, every eligible Class Member will receive an award equal to *or greater than* all amounts of improper collection since 2020. The proposed distribution will guarantee that every eligible Class Member will receive a minimum of \$250. Based on the scope of collection activity, some awards exceed \$50,000. Additional enhanced awards will provide further compensation for eligible Class Members who documented special hardship, such as bankruptcy, eviction, or mental health crises, as a result of the Agency’s improper collection activity. (Ex. 1, Settlement Fund Distribution Analysis; Ex. 2, Declaration of Lisa Simmons).

The Plaintiff Class Representatives, Kellie Saunders, Erick Varga, Lisa Shephard, Dawn Davis, Jennifer Larke, Anna Logan, Joshua Eggleston, Jennifer Hillebrand, Cheryl Scarantino, Eleni Zestos, and Theresa Brandt, by and through their attorneys, move for Final Approval of the Class Action Settlement Agreement between the Parties and for Entry of Judgment, pursuant to MCR 3.501(D). For the reasons stated below, the Court should grant final settlement approval as a fair and reasonable

resolution of this matter, and in the interest of the Class Members and the general public. Defendants do not contest this Motion.

II. PROCEDURAL HISTORY

A. Background of Litigation and Settlement¹

On January 28, 2022, Plaintiffs filed a putative class action against the Agency and Julia Dale in her official capacity in the Michigan Court of Claims. Plaintiffs allege that the UIA's illegal assessment of "overpayments" and initiation of collection activity against a broad class of UIA claimants who relied on pandemic unemployment assistance in 2020 and 2021 violated the due process clause in Article I § 17 of the Michigan Constitution. The litigation was not solely about obtaining monetary relief but also to obtaining equitable injunctive relief to stop the apparent injustices of the UIA collection operations in Michigan. In the end, Plaintiffs succeeded at both.

On March 10, 2022, Plaintiffs filed a Motion for Preliminary Injunction to Suspend Agency Collection Activities. In lieu of filing an answer, Defendants filed a Motion for Summary Disposition of Plaintiffs' Complaint on March 14, 2022. Defendants' Motion argued, in part, that Plaintiffs failed to state valid claims upon which relief might be granted and that the Court lacked subject matter jurisdiction where Plaintiffs failed to exhaust their administrative remedies. Meanwhile, Plaintiffs filed their First Amended Complaint on March 24, 2022, naming additional Plaintiffs and clarifying allegations. On June 13, 2022, the Court entered an order denying in part and granting in part Defendants' Motion for Summary Disposition and Plaintiffs' Motion for Preliminary Injunction. Importantly, the Court held that agency collection activity without due process likely violates the Michigan Constitution.

The Agency filed a Motion for Reconsideration or Clarification on July 5, 2022, arguing that

¹ Defendants have not admitted any liability. (*Id.*, p 7, ¶ 33.)

Defendants should only be required to halt collections or threatened collections against the Named Plaintiffs, but that collection against putative class members should be allowed to proceed. On August 11, 2022, the Court denied Defendants' Motion and further reaffirmed its preliminary injunction and effectively halted the Agency's overpayment collection activity against all Michigan UI Claimants who were waiting on timely pending protests and appeals under review by the Agency. All Agency collection activity on pandemic era benefits have been suspended since December of 2022.

Plaintiffs filed a second amended complaint on September 6, 2022 and proceeded with the filing of their Motion for Class Certification on September 21, 2022. Defendants filed their response brief on October 12, 2022. On February 3, 2023, the Court entered a stipulated order to submit the matter to non-binding mediation and extend scheduling order deadlines. Since that time, the Parties have engaged in numerous mediation sessions, meticulous negotiations, data analysis, and fact finding in order to achieve the Settlement Agreement preliminarily approved by the Court on April 25, 2024. (Ex. 3, Preliminary Approval Order).

B. Discovery and Mediation Process

Between February 2023 and March 2024, the Parties engaged in a year long, multi-session mediation process overseen by the Court-Appointed Mediator. Plaintiffs also proceeded with several Agency fact-finding depositions to verify and understand Agency processes and backlogs that gave rise to the alleged violations. Throughout the process, the Parties painstakingly negotiated important due process safeguards to ensure that, Agency collection can only resume once specific constitutional and statutory protections are adopted. These include:

- *Good Cause.* For claims filed April 23, 2020 to January 25, 2022, the Agency will presume "good cause" or forego collection activity unless and until it has issued a new redetermination on the merits of the claim, without regard for the delay in protests or appeals. (Settlement Agreement § 2.1).
- *Able and Available.* Until a new individual determination based on MCL 421.28(1)(c)

occurs, the Agency will forego collection activity on impacted Michiganders. (*Id.* § 2.2). If determinations under revised law are issued, class members will have the additional due process safeguards discussed below that will be guaranteed to all future unemployed workers of Michigan.

- *Waiver Rights.* Under the Settlement, the Agency will protect existing claimants and class members by issuing new notice of their rights to request a waiver of overpayment *before* any Agency collection activity occurs. Existing class members will get a new notice of their rights to apply for a waiver of any overpayment before the Agency reinstates collection activity. (*Id.* § 2.3). The notices issued will provide simple and easy-to-follow instructions to request a waiver. (*Id.* § 2.3 and 5.1).

Moreover, under the Settlement Agreement, systemic reforms going forward will benefit class members and install meaningful due process rights in the system for all future UI Claimants.

Additional Settlement Agreement terms affirm and protect the constitutional promise that has been repeatedly acknowledged by the courts: class members and all UI claimants are entitled to due process, which means notice and opportunity for a fair hearing, as to all decisions impacting benefit rights before collection activity may occur.² For Plaintiffs and other unemployment claimants who face collection of prior benefit payments, the Settlement Agreement will ensure additional safeguards at three critical decision making points that implicate due process:

- 1) *When an Agency decision reverses a prior finding of benefit entitlement for benefits that have already been paid.*³
- 2) *When the Agency assesses an overpayment of previously paid benefits based on the reversal of benefit entitlement.*⁴

² Department of Labor Unemployment Insurance Program Letter 23-80.

³ The Settlement requires meaningful reforms to the way the Agency handles reversing prior benefit entitlement decisions. “Going forward, the Agency will not reconsider any previous finding of benefit entitlement more than 30 days after the first Monetary Determination is made or within one year with good cause.” (Settlement Agreement § 3.1). Moreover, under § 5.3 of the Settlement, the Agency has agreed that, every unemployed Michigander will have an opportunity to appeal and be heard on a decision reversing benefit entitlement *before* the Agency will make any determination that restitution is due.

⁴ The Settlement Agreement prohibits the Agency from retroactively reversing and collecting previously paid benefits except in specific circumstances provided in state law. Under the Settlement, due process would be respected by providing unemployed claimants with notice and opportunity to

- 3) *When the Agency decides that a claimant is legally required to repay an overpayment (a/k/a determination of restitution due).*⁵

The terms of the settlement agreement and the protections agreed to by the Defendants will be a meaningful step toward respecting claimants' due process rights at each stage in the Agency's decision-making process.

C. Results Obtained Through Litigation and Settlement

First, Plaintiffs sought and obtained a preliminary injunction broadly suspending the Agency's overpayment collection activity against all Michigan UI claimants who were waiting on timely pending protests and appeals. As a result of this litigation, all such collection activity has been indefinitely suspended since December of 2022.⁶ Under the settlement terms discussed above, the Agency is required to take specific actions to ensure Class Members and all those who applied for pandemic era benefits will receive appropriate consideration under current law with notice before collection resumes. The work of updating Agency policies, forms, and processes remains an ongoing

respond if one of the three limited statutorily enumerated reasons for retroactive application apply. (Settlement Agreement § 3.2). If a retroactive overpayment is assessed, the settlement agreement provides that unemployed workers will get notice of their right to be considered for a waiver before the Agency seeks restitution. (*Id.* § 5.1). Moreover, the settlement agreement provides that the right to request an overpayment waiver is not limited to financial hardship but also includes all rights to overpayment waiver under state law. (*Id.* § 2.4 and 4.3). Importantly, all collection activity is suspended upon an initial waiver application so that Agency overpayment collection will not go forward while a claimant is waiting for a decision on their waiver application. (*Id.* § 4.2).

⁵ The Settlement Agreement prohibits the Agency from determining restitution is owed until the basic notice procedures above are followed and Agency decisions related to benefit entitlement and overpayments have become final. (*Id.* § 5.3). Even after finality, the Settlement Agreement builds in an additional thirty-day buffer to allow for late protests and appeals to be received and allow a fair hearing before collections are initiated. (*Id.* § 5.2). Moreover, Agency determinations of restitution due will grant claimants the same due process rights to appeal as accorded all other Agency determinations affecting a claimants' rights. (*Id.* § 5.4).

⁶ The preliminary injunction will remain in effect until the Parties agree to terminate the injunction or the Court finds that the above terms have been implemented. (*Id.*, p 4, ¶ 9.)

effort.

Second, the multi-year collection pause allowed the Agency to uncover previously unprocessed protests and appeals from class members, as disclosed in status reports filed throughout the litigation. As a result, the Agency has already reported it returned over \$45 Million in improperly collected funds or applied those funds to other government debt. The Agency has also voided hundreds of thousands more overpayments that were the result of late reversals of benefit entitlement made more than one year after the original determination granting entitlement to benefits.

Third, the Settlement Agreement will establish a Common Fund of an additional \$55 million to compensate Class Members whose money has not yet been returned, or those that suffered a demonstrated hardship as a result of improper collection. The fund will also pay attorneys' fees and costs of litigation and settlement administration as discussed below.

Finally, a Relief Fund created under the Settlement Agreement will set aside \$1.65 million in funding to provide support to legal aid and non-profit organizations who provide legal representation to UI benefit claimants. By releasing \$500,000.00 of the Relief Fund immediately, the Court's Preliminary Approval Order allowed the State Bar Foundation to begin distribution of this funding to qualified agencies under an established network for supervision and stewardship. (Ex. 5, Letter from Director Bentley, Michigan State Bar Foundation). The initial release of funds allowed the State Bar Foundation to fund unemployment support to multiple legal aid entities and non-profits serving Michiganders across all regions of the State. (Ex. 6, Letter of Director Bentley regarding SBF initial funding allocations). Final approval and distribution of the remainder of the Relief Fund will support legal resources available for unemployed workers for many years into the future.

Upon final approval, this litigation will have generated over \$100 Million for Michigan UI claimants in direct monetary relief and over 4 billion dollars in collections suspended until due

process protections can be put in place. The due process safeguards negotiated through a year-long mediation process will result in hundreds of millions more in savings to Michigan UI claimants who suffered job loss, or small business owners who lost their source of revenue during the pandemic. The established Relief Fund will ensure greater support and resources will be available in the years to come for Class Members and all future unemployed workers who find themselves subject to Agency collection activity.⁷

D. The Court's Prior Certification of Settlement Class and Preliminary Approval

Settlement approval involves a two-step process in which the Court first determines whether a proposed class action settlement is fair and reasonable and deserving of preliminary approval. Then, after notice is given to Class Members, the Court holds a fairness hearing to review the settlement in light of the notice and proposed distribution, along with any objections or concerns raised by Class Members. On April 25, 2024, this Court granted the Parties' Stipulation and Order providing Preliminary Approval of the Settlement, Certifying the Settlement Class, and Appointing Settlement Class Counsel.

In that Order, the Court:

- Approved terms and conditions of the Class Action Settlement Agreement in this matter as fair and reasonable to the proposed Settlement Class;
- Certified the matter as a Class Action pursuant to MCR 3.501(B)(3)(b), with the settlement class as certified consisting of: all claimants who were subject to improper collection based on agency collection activity on any unemployment insurance claim filed from March 1, 2020 through April 25, 2024;
- Appointed Named Plaintiffs Kellie Saunders, Erick Varga, Lisa Shephard, Dawn Davis, Jennifer Larke, Anna Logan, Joshua Eggleston, Jennifer Hillebrand, Cheryl Scarantino, Eleni Zestos, and Theresa Brandt as Class Representatives in this action;
- Approved individual service awards to class representatives as provided in Appendix A of the Class Action Settlement Agreement;

⁷ To the extent that any description in this pleading is inconsistent with the terms of the Settlement Agreement, the Settlement Agreement terms apply.

- Appointed Plaintiffs’ Counsel, David Blanchard of Blanchard & Walker PLLC, as Class Counsel;
- Appointed Megan P. Norris as Special Master in this action;
- Appointed Analytics Consulting LLC as Claim and Notice Administrator in this action;
- Appointed Huntington Bank as the Escrow Agent for purposes of holding and investing the settlement funds through final distribution;
- Approved the class notice, notice procedures, and the plan of allocation, as outlined in the Class Action Settlement Agreement and proposed by Notice;
- Approved Plaintiffs’ Counsels’ Attorneys’ Fees in the Amount of one-third of the settlement and costs, as outlined in the Settlement Agreement;
- Approved a set-aside of \$500,000.00 for notice and administration related costs;
- Established a Relief Fund as provided in the Class Action Settlement Agreement for Agencies providing free advice and representation to class members and other UI claimants, and approved an initial set-aside of \$500,000.00 of the Relief Fund to be made available to the State Bar Foundation as soon as the settlement is funded, to provide additional resources to non-profit agencies who serve UI claimants with free legal advice and representation;
- Approved establishment of a Common Fund as outlined in Appendix B of the Class Action Settlement Agreement; and
- Approved the settlement timeline and set a date of March 20, 2025 for a fairness hearing and final approval.

E. Notice to Potential Class Members

1. Notice Administrator Efforts

The Parties agreed that the services of a professional claims administrator would best serve the class. Analytics Consulting LLC (“Analytics”) was appointed as the best fit for this project, in part based on prior experience administering a class notice involving the Michigan UI claimants, and decades of direct experience in designing and implementing class actions and notice campaigns. The attached Declaration and Distribution Report from Lisa Simmons, CEO of Analytics, outlines the efforts and procedures taken to provide effective notice to all potential class members. (Exhibit 2).

Beginning around May 2024, Analytics worked from a Class List containing all individuals who were subject to Collection Activity (i.e. had money taken) based on any unemployment benefit claims filed since March 1, 2020. Due to the limitations of Defendants’ records, it was unknown how

many on the class list had appealed or had been trying to appeal their eligibility reversals. The parties estimated that between forty and sixty percent (40%-60%) of the individuals on the class list had been trying to protest or appeal while subject to improper collections. Therefore, Analytics' expectation was that somewhere between 55,710 and 83,626 (40% - 60% of 139,277) of those on the class list were potentially eligible to receive an award if they received notice and filed a claim affirming they were subject to improper collection. (*Id.* at ¶ 8).

Analytics undertook more than half a dozen email campaigns and sent three direct mail notices to the Class List, as well as maintaining a call center and other outreach efforts. Across all email notices, over 70% of the Class List opened at least one email notice. Three direct mail postcards were sent. Under the combined efforts, the Administrator estimates over 93% of the potential class members received direct notice of at least one form. Other online efforts were undertaken to amplify and ensure effective notice to class members, including advertising campaigns on Facebook and Instagram, directly targeting individuals on the Class List who had not yet registered or filed claims. (*Id.* at ¶¶ 14-15).

Throughout the claims process, Analytics placed thousands of outbound phone calls to follow up with potential Class Members that had started claims online but had not yet submitted a claim. Analytics also mailed a deficiency letter to all individuals that had started a claim online, but did not complete it, to notify them of the incomplete submission and give them the opportunity to complete their claim. (*Id.* at ¶ 16).

2. Class Counsels' Supplemental Efforts and Additional Defendant Notices

Between September and December of 2024, Class Counsel hired two additional staff members exclusively for assisting with class members. Counsel matched records of every person that had called the Firm since 2020 regarding improper collections against the list of potential class

members. Staff undertook a direct call campaign to advise potential class members and answer questions. In all, *over 10,000 direct calls* were placed to eligible class members, with direct text follow-up as necessary.

Class counsel also worked with Defendants to facilitate notice through Agency channels. A direct notice was posted on the online benefits account for every person in the class list. In addition, the Agency posted notice of the class settlement and contact information on their public-facing website and issued at least two press releases explaining the claims deadline and providing the phone number and website address for class members to obtain additional information.

The original claims notice deadline was set to close on November 4, 2024. Due to concerns that direct mail and email associated with the very pivotal election season could interfere with notice efforts, the Parties sought and obtained the Court's Order extending the claim deadline by 45 days. After the Court granted the motion, Plaintiffs' counsel assigned an additional staff member to continue efforts to contact potential class members. Several news stories in the print and online media also amplified the public awareness of the settlement and provided relevant contact information. All of these efforts working together resulted in the "extraordinary" claims rate noted by the Claims Administrator. (Ex. 2, Simmons Decl. at ¶ 9).

F. Claims Administrator's Distribution Calculations

As of February 21, 2025, the Administrator has received timely claims from 23,212 eligible class members who have certified they were subject to improper collection activity. The distribution calculations submitted by Analytics Consulting show that a Net Common Fund of over \$35 million will be available to pay these claims. Distributions proposed provide that every class member who filed a claim will receive more than the amount collected since 2020. Each class member will receive at least \$250, and those eligible for enhanced awards for providing documentation of specific

hardship, will also receive an additional enhanced award of approximately \$906.95. (Ex. 2, Simmons Declaration at ¶ 32).

Minimum Settlement Award: \$250.00
Average Settlement Award: \$1,403.07
Highest Settlement Award: \$55,641.00

Distributions were calculated as follows:

1. Improper Collection Award

First, the total amount collected from each settlement claimant was considered. The litigation claims were focused on improper collections without an opportunity to appeal before the state-initiated collection activity. Whether a particular class member was entitled to unemployment benefits or not was irrelevant to the violation. However, the Settlement Agreement accounts for the differential harm caused by large collection activity and calls for settlement awards to be calculated using a point system based on the net amount collected. The Administrator's calculation accounted for a wide range of reported collections by awarding settlement values based on the total reported amount of improper collection, reduced by amounts already returned or applied to other (non-UIA) state debt. (*Id.* at ¶ 28)

2. Minimum Payment Adjustments

Second, the proposed awards distributions are adjusted upwards to ensure that every eligible claimant receives a significant award to compensate for the release of claims and account for the hardship of collection activity and repeated collection notices. Under the proposed formula, every eligible claimant will receive a minimum payment of \$250. This amount was determined based on the calculated net common fund available and designed to ensure a minimum payment that compensates every eligible class member fairly for their release of claims (without regard to smaller collection amounts) but still allows for all Class Members to receive a settlement award based

primarily on the magnitude of improper collection. (*Id.* at ¶ 29).

3. Enhanced/Hardship Award Adjustments

Third, all Class Members were provided an opportunity to affirm their particular hardship and to provide substantiating documentation pursuant to the Settlement Agreement terms for enhanced awards. The proposed distribution provides for enhanced awards to approximately 2,000 claimants who certified and anticipated to provide verified documentation of the hardship created by improper collection. (*Id.* at ¶ 30). To date, the Claims Administrator has verified documentation for 904 enhanced awards. Of those, 157 certified that they had suffered eviction or foreclosure, 135 certified that they had filed for bankruptcy, 378 certified that they had sought mental health treatment, 100 had a car or other property repossessed, and 376 provided documentation of other special hardship ensuing from the Agency's improper collection activity. (*Id.* at fn. 4).

4. Opt-Outs, Objections, and Withdrawal Threshold

In all, only 17 class members exercised their rights to opt-out of the settlement and their rights will be unaffected by this class action settlement - out of more than 137,000 who received notice. Under the Settlement Agreement, the Defendants were allowed to revoke the settlement in its entirety if more than 10% of the class chose to opt-out. That threshold was not met. Nobody has objected.

III. THE COURT SHOULD APPROVE THE CLASS SETTLEMENT

A. The Class Settlement is Fair, Reasonable, and Adequate

The most important factor courts consider in determining whether to grant preliminary approval is "plaintiffs' expected recovery balanced against the value of the settlement offer." *Cotter v. Lyft, Inc.*, 176 F. Supp. 3d 930, 935 (ND Cal 2016) (internal quotation marks omitted). Under any standard, the proposed settlement of \$55,000,000.00 is fair, reasonable, and adequate compensation for the Class Members, considering the potential value of their claims, because such an amount

provides for (1) compensation for a 100% or more of class members' economic loss, plus (2) additional enhanced awards for non-economic damages, plus (3) attorneys' fees and costs, as well as (4) the costs of claims and notice administration.

B. Absence of Fraud or Collusion

The Parties were represented by experienced counsel with extensive records of litigating class action lawsuits. Counsel have been adverse in multiple cases, steadfastly representing their positions for over a decade. Detailed collection records were provided by the Agency and relied upon as a material term to reaching the final settlement value. Settlement was obtained through a lengthy process overseen by a skilled and respected mediator. There is no hint and no possibility of fraud or collusion.

C. Settlement is Favored by Concerns of Complexity, Expense, and Likely Duration of the Litigation

Here, while Plaintiffs are confident in the merits of their case, they also recognize that there are significant concerns regarding the expense, complexity, and duration of further litigation, which would involve costly electronic discovery, depositions, lengthy trial proceedings, and possible appeals. The proposed settlement achieves a substantial recovery for the Plaintiff Class Members while avoiding the risk, expense, complexity, and extended duration of further litigation.

D. Discovery Favors Settlement

A fair settlement requires adequate fact-finding. The touchstone of the analysis is whether “the parties have sufficient information to make an informed decision about settlement,” including formal and informal discovery. *In re Mego Fin Corp Sec Litig*, 213 F.3d 454, 459 (9th Cir. 2000). Here, beginning in February of 2023, the Parties engaged the services of Megan P. Norris, an experienced and well-respected mediator. The Agency provided the Mediator with substantial information from its databases including the potential class members with timely claims, the amount

of their losses, the manner in which the Agency collected payments from the identified class members, and the amount of Agency refund, if any. Thus, the parties had access to the information necessary to make an informed decision about settlement.

E. The Likelihood of Success Favors Settlement

The Agency could be held liable for damages based on withholding Plaintiffs' property. Success on the merits is likely, but settlement provides the same or better compensation, while avoiding the uncertainty of years of litigation, potential appeals, and other delay in getting real compensation in the hands of Class Members.

F. The Opinions of Class Counsel and Class Representatives Support Settlement

“Great weight is accorded to the recommendation of counsel, who are most closely acquainted with the facts of the underlying litigation.” *Nat’l Rural Telecomms Coop*, 221 FRD at 528. “Parties represented by competent counsel are better positioned than courts to produce a settlement that fairly reflects each party’s expected outcome in the litigation.” *Rodriguez v. W. Publ’g Corp*, 563 F. 3d 948, 967 (9th Cir. 2009)(internal quotation marks and modifications omitted).

As discussed below, Class Counsel has extensive experience in civil rights and class action litigation. Class counsel has engaged in depositions of key Agency representations and reviewed detailed reports of collections activity through a year of arduous negotiation. Based on counsel’s informed understanding of the underlying facts and legal issues in the case, Plaintiffs’ counsel unequivocally supports and recommends the proposed class settlement as fair and adequate resolution of disputed claims.

G. The Reaction of Absent Class Members Favors Settlement

As noted above, only 17 class members exercised their rights to opt-out of the settlement and preserve their claims—about .0001%. By contrast, the participation of over 23,000 eligible class

members represents 25-45% of the entire expected class members. (Ex. 2, Simmons Decl. at ¶ 9). This is an unheard-of participation rate for this type of claims process. The overwhelming support and participation of class members further supports the fairness of the settlement.

H. The Public Interest Favors Settlement

Resolution is efficient for over 23,000 Settlement Claims. Given the scale of the due process violations alleged and the size of the potential class, the overriding public interest favors final approval of the settlement over years of protracted litigation and potential post-judgment appeals that otherwise would delay payment for years.

IV. NOTICE, CALCULATIONS, AND RELEASES ARE PROPER

A. The Class Notice and Class Notification Plan Fairly and Adequately Advised Class Members of the Terms of the Settlement, as well as the Right of Class Members to Exclude Themselves from the Class, and to Object to the Settlement, and to Appear at the Fairness Hearing

As set forth above, Class members received the Court approved notice through hard copy mailing via U.S. mail, emails, phone calls, and text messages based on last known contact information as well as skip-tracing over a six-month period. The Claims administrator has also maintained a website throughout the claim period, provided a copy of the notice, clear and concise explanation of the claims, relevant Court documents, and contact information for further inquiries. Every effort has been made to provide effective and informative notice – by the Claims Administrator, Class Counsel, and the Agency. Through the phone center, class members could request additional paper or email copies of the notice and claim form.

B. Award of Fees and Costs to Class Counsel and Service Awards to Class Representatives.

1. Attorney Fees Are to be Borne by the Common Fund

Under the Settlement Agreement, all attorney fees and costs are to be compensated from the

common fund achieved. Plaintiffs' request for Attorney's fees is fair and reasonable, and consistent with the law. Proportionate fees from the common fund is designed to provide reasonable compensation to directly align Counsel's interest to maximize value for the common benefit of the entire Settlement Class. It is well established that counsel who performs common benefit work resulting in recovery of a common fund are entitled to compensation for those services from the fund.

The U.S. Supreme Court held in *Boeing Co. v Van Gemert*, 444 U.S. 472, 478 (1980):

[T]his Court has recognized consistently that a litigant or lawyer who recovers a common fund for the benefit of persons other than himself or his client is entitled to a reasonable attorney's fee from the fund as a whole...The doctrine rests on the perception that persons who obtain the benefit of a lawsuit without contributing to its cost are unjustly enriched at the successful litigant's expense. Jurisdiction over the fund involved in the litigation allows a court to prevent...inequity by assessing attorney's fees against the entire fund, thus spreading fees proportionately among those benefitted by the suit.

Michigan Courts have likewise recognized that the "common-fund exception provides for an award of attorney fees to a party that, alone, has borne the expenses of litigation that created or protected a common fund for the benefit of others as well as itself." *In re Attorney Fees of Kelman, Loria, Downing, Schneider & Simpson*, 406 Mich 497, 503-504 (1979); *Amerisure Ins. Co. v Folts*, 181 Mich App 288, 291 (1989).

Courts approve of awarding fees from a common fund based on the percentage-of-the-fund method. *Blum v Stenson*, 465 U.S. 886, 900 n. 16 (1984) (stating that in common fund cases "a reasonable fee is based on a percentage of the fund bestowed on the class"); *Camden I Condo. Ass'n, Inc. v Dunkle*, 946 F2d 768, 773 (11th Cir. 1991) ("Indeed, every Supreme Court case addressing the computation of a common fund fee award has determined such fees on a percentage of the fund basis."). The Sixth Circuit has observed a "trend towards adoption of a percentage of the fund method in [common fund] cases. *N.Y. State Tchrs. ' Ret Sys.*, 315 F.R.D. at 245 (quoting *Rawlings*, 9 F. 3d at 515). A percentage-of-the-fund approach fosters judicial economy by eliminating a detailed,

cumbersome, and time-consuming lodestar analysis. *Rawlings*, 9 F.3d at 516-17; *N.Y. State Tchrs. Ret. Sys.*, 315 F.R.D. at 243; *Stanley v U.S. Steel Co.*, 2009 WL 4646647 at *1 (E.D. Mich) (Use of the percentage method also decreases the burden imposed on the Court by eliminating a full-blown, detailed, and time-consuming lodestar analysis while assuring that the beneficiaries do not experience undue delay in receiving their share of the settlement).

2. Attorney's Fees Are Reasonable in Proportion to the Results Obtained

Class Counsel secured a settlement common fund of \$55,000,000.00 from the State of Michigan Unemployment Insurance Agency. The Attorney's fees represent one-third (33.3%) of the common fund, but only a small fraction of the total relief obtained. The fees represent only 18.3% of the \$100 million in direct financial benefit obtained by Class Counsel and only tiny piece of the \$4 billion in collections that were halted as a result of the litigation. This settlement will fairly, adequately, and reasonably compensate over 23,000 people who were injured when the UIA took money from them without considering their protests and appeals and before claimants could obtain a fair hearing. They will receive a settlement award that is as much *or more than* the amount taken from them.

Neither the named Plaintiffs nor any class member could have afforded the representation on an hourly basis to achieve these results. Nor would the value of any individual claim have justified representation on an hourly basis. Class Counsel committed four years of resources to the preparation, litigation, mediation, and administration of this litigation and reasonably anticipates that administration of this matter will span another 1-2 years. Class Counsel was prepared to commit another four years of firm resources and attorney time if necessary, pursuing complex and time-consuming discovery, and hundreds of hours preparing for trial. Instead, Plaintiffs' Counsel recognized that an award of damages to claimants after trial would be vastly diminished by the

expense and duration of litigation. Plaintiffs' Counsel should be adequately and fairly compensated for maximizing the value of this unprecedented settlement for claimants.

Courts evaluate the reasonableness of the requested fee award using several factors. The value of the benefits obtained is of course the most important. *In re Cardinal Health Inc. Sec. Litig.*, 528 F. Supp. 2d 764 (2007). But the Courts may also consider society's interest in rewarding attorneys in order to incentivize others to take on the monumental risk, expense, and time commitment that this type of complex litigation requires. This matter is a perfect example. Without the possibility of a contingency recovery, few lawyers would ever be incentivized to mount a challenge like this one – involving a multiyear commitment of significant resources with no retainer and no guaranty of any recovery. Courts also consider the unique skills required of class counsel to navigate these complex waters. All of these factors point toward reasonableness of a “benchmark” 1/3 contingency award.

For instance, all services here were undertaken on a pure contingency-fee agreement. No money up front, no attorney fee until we win. “Research indicates that, taken as a whole, the evidence suggests that one-third is the benchmark for privately negotiated contingent fees, but that significant variation up and occasional variation down exist as well.” *In re Flint Water Cases*, 583 F. Supp. 3d 911, 939 (2022) quoting Eisenberg, Theodore and Miller, Geoffrey P., “Attorney Fees in Class Action Settlements: An Empirical Study” (2004), *Cornell Law Faculty Publications*, Paper 356, pp. 35. Consistent with this reasonable “benchmark”, claimants counsel has entered into one-third contingency fee agreements with the Named Plaintiffs. The fact that each plaintiff privately negotiated a one-third contingency fee should also be considered an indication of the reasonableness.

Moreover, the Attorney fee requested is also reasonable when measured against the complexity of the litigation and the professional skill required. The case was as complex as it was risky. When filed, this matter involved a theory of state constitutional rights that had not yet been

confirmed by the Michigan Supreme Court. It involved a suit against the state challenging an administrative system. It involved specialized court of claim processes and complex remedial goals of equitable and injunctive relief.

Finally, class counsel was uniquely skilled for the task. The Blanchard & Walker firm has served as lead counsel or co-counsel in dozens of class and collective actions and recovered millions of dollars for workers in Michigan and in across the country. Class counsel has served as lead counsel or co-counsel in many class and collective actions for installers, laborers, and other low-wage workers, and dozens of cases recovering overtime pay and uncompensated work time, or minimum wages.⁸ Moreover, Class Counsel has developed a deep history and understanding of the Michigan unemployment system through two decades of individual representation of Claimants and impact litigation involving the Michigan UIA.

⁸ See e.g. *Hubbard, et al v. Sidetrack, Inc. et al*, 21-cv-10669 (Berg D.J.) (E.D. Mich., filed March 26, 2021); *Mata v. STA Management, LLC, et al*, 19-cv-11662 (Edmunds D.J.) (E.D. Mich., filed June 5, 2019); *McFarlin, et al v. The Word Enterprises, LLC, et al*, 16-cv-12536 (Drain D.J.) (E.D. Mich., filed on July 6, 2016); and *Graham, et al. v. The Word Enterprises, LLC et al*, 18-cv-10167 (Drain D.J.) (E.D. Mich., filed on January 15, 2018). *Reeb v. Alro Steel Corp.*, 21-cv-12545 (Murphy D.J.) (E.D. Mich, filed on October 28, 2021); *Schmitt v Belle Tire Distrib.*, 20-cv-13151 (Steeh, D.J.) (E.D. Mich., filed on December 1, 2020); *Swinney v. Amcomm*, 12-cv-12925 (Edmunds D.J.) (E.D. Mich., filed Sept. 14, 2012); *Lee v. GAB*, 12-cv-14104 (Drain D.J.) (E.D. Mich., Sept 14, 2012); *Ramirez v. A Plus Painting*, 13-cv-14593 (Levy D.J.) (E.D. Mich., filed Nov. 4, 2013); *Everett v. Walgreen*, 14-cv-02151 (Helmick D.J.) (N.D. Ohio, filed Sept. 26, 2014); *Feiertag v. Apollo*, 14-cv-02643 (Marbley D.J.) (S.D. Ohio, filed Dec. 16, 2014); *Gerges v. ESD*, 15-cv-01816 (Zouhary D.J.) (N.D. Ohio, Sept. 4, 2015); *Benion et al. v. LeCom Incorporated et al.*, 15-cv-14367 (Lawson D.J.) (E.D. Mich., filed Dec. 16, 2015); *Braniff v. HCTec Partners, LLC, f/k/a HCTec, LLC*, No. 3:17-cv-00496 (M.D. Tenn., filed March 8, 2017); *Golden, et al. v. Inman's Auto Rescue of Houston, LLC et al*, 17-cv-00844 (Lake D.J.) (S.D. Tex., filed Mar. 16, 2017); *Sanders v. CJS Solutions Group, LLC d/b/a The HCI Group*, No. 1:17-cv-03809 (S.D.N.Y. May 19, 2017); *Carey v. Physician Technology Partners, LLC*, No. 3:17-cv-00213 (S.D. Ohio, filed June 26, 2017); *Arrington et al. v. Optimum Healthcare IT, LLC*, No. 17-cv-03950 (E.D. Pa., filed September 1, 2017); *Hatzey v. Divurgent, LLC*, No. 1:17-cv-03237 (E.D. Va., filed April 10, 2018); *Adams et al v. NTT Data, Inc. et al.*, 18-cv-01303 (Hegarty D.J.) (D. Colo. filed May 1, 2018); *Marmier-Romeo v. AP Preferred Solutions, LLC*, 18-cv-11943 (E.D. Mich., filed June 19, 2018).

Class Counsel has represented individual and institutional clients in direct actions challenging Agency practices since 2013. Served as counsel for Plaintiffs in the Matter of *Zynda v. Arwood*, the 2014 case first challenging the Agency's robo-fraud adjudication system. That case resulted in direct repayment of over \$20 million in improper collections and the 2017 Settlement Agreement put important guardrails on the Agency's fraud accusation system that remain in place to this day.

Blanchard & Walker's ability to represent the Saunders class members and achieve the unprecedented results is directly related to two decades of commitment to advocating for Michigan's unemployed, much of it undertaken without any compensation. The types of results achieved in this matter have been made possible only through decades of experience developing an intimate knowledge of the administrative system, an expansive record of impacted claimants, a depth of practice in suits against government actors, class actions, complex litigation, and public benefits advocacy. Counsel is unaware of any other firm in this state that could have and would have taken on such a task.

3. Service Awards for Class Representatives

The Court has already preliminarily approved service awards to Class Representatives, Plaintiffs Kellie Saunders, Erick Varga, Lisa Shephard, Dawn Davis, Jennifer Larke, Anna Logan, Joshua Eggleston, Jennifer Hillebrand, Cheryl Scarantino, Eleni Zestos and Theresa Brandt in the amount of \$25,000.00 each. This amount reflects the time and effort Plaintiffs expended in bringing and assisting in this litigation. Each of them faced actual or threatened improper collection. Their bravery and willingness to risk public scrutiny has resulted in an unprecedented recovery for a large class of Michiganders and institutional reforms that will benefit UI Claimants far into the future. These awards should be affirmed on final approval.

Class Representatives faced scrutiny, stigma, and questioning at every turn in the process –

sometimes by the Agency, or the press, and sometimes by their own friends and co-workers. Consider the layers of stigma that must be confronted in order to get to this point. First, many people find it embarrassing to admit they need unemployment benefits – a personal blow to the concept of financial independence. They lost a job or their business suffered, then they had to seek public assistance. Then, sometimes years later, they faced the stigma of being told (often erroneously) that they were never qualified for benefits they received. They faced bills and collection notices from the government. Many class members no doubt hid those notices away – from themselves or their family – and tried to forget. Class Representatives went to a lawyer for help instead. After all that, they were willing to submit to public scrutiny by filing a lawsuit alleging it was the government, not them, who had made a mistake. Service awards requested for the Class Representatives award their sacrifice and recognize the tremendous result obtained through their valor.

C. Costs and expenses

The Court approved a set aside of \$500,000 for costs upon preliminary approval. Estimated Costs and expenses invested in the prosecution and administration of this case are currently estimated to be \$342,000 as reflected in the Clams Administrator's accounting. Final costs are not expected to exceed the amount of the set-aside, so any remainder will be returned to the common fund for making award payments to eligible class members.

D. Reserve Fund, Late Claims, and Cy Pres Awards

The Reserve Fund previously approved by the court sets aside 2% of the Common Fund for purposes of satisfying late claims. The Reserve Fund ensures that for a period of up to 18 months from the close of the initial claim period, individuals on the Class list who did not receive notice or had other good cause for failing to timely file a claim will be afforded sufficient opportunity to receive a settlement award. To date, the Claims Administrator has received 582 otherwise eligible late claims

and proposes to pay those out of the reserve fund using the same proportion and calculation used for timely claims, as outlined in the distribution calculations. (Exhibit 2). Additional late claims will be processed after 18 months and will be prorated to the extent reserve funds are not sufficient to pay according to calculations applicable to timely claims. If excess funds remain at the close of 18 months, they shall be distributed to the State Bar Foundation as *cy pres* recipient and according to the terms of the Settlement Agreement.

E. Waiver and Releases Were Carefully Negotiated and Individually Affirmed by Each Settlement Claimant

Upon final certification, each Settlement Class Member who participates by filing a claim will be considered to have released certain specific claims related to improper collection, and only those claims. The proposed release is neither overbroad nor overinclusive. It is a fair exchange for the settlement awards provided. Moreover, the plan of allocation includes setting a minimum payment of \$250 for all settlement claimants, thereby ensuring that each claimant receives meaningful compensation for their release, regardless of the amount taken from them.

Because the Agency is still engaged in putative class litigation in Federal Court, Class Counsel gave careful attention to the impact for settlement class members who may also retain viable claims in *Kreps et al v. Michigan UIA et al*. Under the definitions in Appendix A of the Settlement Agreement, the Parties agreed that:

“All Settlement Class Members who participate will be required to release all claims they have against the Agency, the State of Michigan, or any subdivision of the state of Michigan related to Improper Collection on claims filed from March 1, 2020 to the date of settlement approval. For avoidance of doubt, this release will not release claims related to any claim of a Settlement Class Member in the pending action *Kreps et. al v. UIA et. al*. in the Eastern District of Michigan, except as to Improper Collection.”

By carefully negotiating the release language, the Parties allowed for overlapping claims for

improper collection to be released but also ensured that class members may participate in this settlement without giving up rights to recover in *Kreps* for the independent allegations surrounding the indefinite suspension of benefits applied to many claimant accounts during the pandemic. Each award recipient has affirmatively signed a release of claims reflecting the agreed language and terms.

F. Post-Distribution Reporting Will Ensure Additional Transparency

The Final Judgment should further provide that the Class Counsel will file post-distribution accounting reports as follows:

First, within 30 days after all distributions are made, the Plaintiffs will file a Post-Distribution Accounting from the Claims Administrator (and post it on the settlement website), which provides the following information:

- a. The total settlement fund, the total number of class members, the number and percentage of claim forms submitted, the number and percentage of opt-outs, the number and percentage of objections, the average, median, maximum, and minimum recovery per claims, the method(s) of notice and the method(s) of payment to class members, the administrative costs, and the attorneys' fees and costs.
- b. The amount remaining in the reserve fund for purposes of satisfying otherwise valid late claims.
- c. Counsel will summarize this information in an easy-to-read chart that allows for quick comparisons with other cases.
- d. The Court may hold a hearing if necessary following submission of the parties' Post-Distribution Accounting.

Second, within 30 days of the final distribution from the Reserve fund for late claims (18 months after final approval). Plaintiffs will file a Final Distribution Accounting from the Claims Administrator (and post it on the settlement website), which provides the late claims paid, the number and value of all checks not cashed, and the amounts distributed to each *cy pres* recipient.

V. CONCLUSION

For the foregoing reasons, and for the reasons set forth in Plaintiffs' motion for preliminary

approval and in the exhibits submitted with this motion, the Court should grant Plaintiffs' Unopposed Motion for Final Approval and enter the Order Granting Final Approval and Entering Final Judgment. A proposed Order and Final Judgment is submitted with this Motion. (Exhibit 6).

Respectfully submitted,



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Dated: March 3, 2025

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on March 3, 2025, she electronically filed the foregoing paper with the Clerk of the Court using the ECF system, which will send notifications of such filings to all participating attorneys.



Leslie M. Wenzel, Law Office Assistant

INDEX OF EXHIBITS

- 1 Settlement Fund Distribution Analysis
- 2 Declaration of Lisa Simmons
- 3 Preliminary Approval Order
- 4 Letter from Director Bentley, Michigan State Bar Foundation
- 5 Letter of Director Bentley regarding SBF initial funding allocations
- 6 Proposed Order and Final Judgment

EXHIBIT 1

Saunders Settlement Fund Analysis

*Includes interest accrued through 1/31/2025, and estimated interest through 3/31/2025

Deposits	
Gross Settlement Deposit	\$55,000,000.00
Accrued Interest: 8/31/2024	\$130,132.73
Accrued Interest: 9/30/2024	\$221,852.48
Accrued Interest: 10/31/2024	\$218,465.20
Accrued Interest: 11/30/2024	\$204,377.55
Accrued Interest: 12/31/2024	\$204,997.68
Accrued Interest: 1/31/2025	\$198,475.33
Accrued Interest: 2/28/2025	\$198,475.33
Accrued Interest: 3/31/2025	\$198,475.33
Total Deposits with Accrued Interest	\$56,575,251.63

**February and March Interest are estimated
**February and March Interest are estimated

Debits	
Attorney Fees	
1/3 Gross Settlement Deposit	\$18,333,333.33
Estimated Tax Liability of Fund	
Estimated Tax Payments Tax Year 2024	\$375,000.00
Estimated Tax Payments Tax Year 2025	\$125,000.00
Service Award Payments (11)	
Kellie Saunders	\$25,000.00
Erick Varga	\$25,000.00
Lisa Shephard	\$25,000.00
Dawn Davis	\$25,000.00
Jennifer Larke	\$25,000.00
Anna Logan	\$25,000.00
Joshua Eggleston	\$25,000.00
Jennifer Hillebrand	\$25,000.00
Cheryl Scarantino	\$25,000.00
Eleni Zestos	\$25,000.00
Theresa Brandt	\$25,000.00
Expenses (estimated)	
Miller, Canfield (Mediation and Special Master fees)	\$25,000.00
Blanchard & Walker - Additional Costs	\$25,000.00
Settlement Administration Fees - Current to date	\$182,996.75
Settlement Administration Fees - Projected Remaining	\$110,035.00
Relief fund (3% of gross settlement fund)	\$1,650,000.00
Total Debits	\$21,101,365.08

*Estimated based on interest through 1/31/2025 only and assuming no admin fees come from the settlement fund

*500,000 in costs allocated on preliminary approval, with remainder to be returned to the fund

*500,000.00 of relief fund allocated to State Bar Foundation on preliminary approval

Net Common Fund	\$35,473,886.55
Holdback Reserve for Late Claims (2% of Gross Settlement deposit)	\$1,100,000.00

Net Amount Available To Distribute for Timely Claims: \$34,373,886.55

Claim Analysis - Timely, Payment-Eligible Claims	
Total Number of Timely, Payment Eligible Claims Filed:	23,212
Total Net Collections on Timely Claims Filed:	\$31,137,885.82
allocation to make minimum payments	\$1,430,100.20
Timely Enhanced Award Applications Eligible	2000
Allocation for Enhanced Awards	\$1,805,900.53
Collection Activity on Claims Filed Analysis	
Average Collection Activity on Claims Filed:	\$1,341.46
Maximum Collection on Claims Filed:	\$55,641.00
Minimum Net Collections on Claims Filed:	\$0.00
Proposed Settlement Awards on Claims Filed	
Average Award	\$1,403.07
Minimum Award	\$250.00
Maximum Award	\$55,641.00
Enhanced Awards	\$902.95
Net Amount Available to Distribute to Late Claims	
Total Late Claims Filed To Date	592
Total Collection Activity on Late Claims (to date)	\$581,793.68

*904 Actual current verified Enhanced Claims. Documentation continues to be received, we estimate there to be 2000 verified Enhanced Claims after documentation is received.

*Assumes \$0 as minimum, not factoring in negative Net Collections

*Assumes \$0 as minimum, not factoring in negative Net Collections

*Reserve Fund shall remain open to pay late claims for a period of 18 months

Proposed Settlement Awards on Late Claims to date	
Average Award	\$999.65
Minimum Award	\$250.00
Maximum Award	\$16,100.00
Enhanced Award	\$902.95
Enhanced Award Applications - Late	5
Amount allocated to late awards to date	\$586,308.43
Remainder Reserve Fund to date	\$513,691.57

*To date, 5 late claims have verified Enhanced Claims. Documentation continues to be received, we anticipate this number will increase as documentation is received.

*Remainder Reserve Fund to be allocated for future late claims, or distributed to cypres recipients after 18 months

EXHIBIT 2

**IN THE STATE OF MICHIGAN
COURT OF CLAIMS**

KELLIE SAUNDERS, ET AL,

Plaintiffs,

v.

Case No. 22-000007-MM

Hon. Brock A Swartzle

STATE OF MICHIGAN
UNEMPLOYMENT INSURANCE
AGENCY and JULIA DALE, in her
official capacity,

Defendants.

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**DECLARATION OF LISA SIMMONS REGARDING IMPLEMENTATION OF COURT-
APPROVED NOTICE PLAN**

I, Lisa L. Simmons, declare as follows:

1. My name is Lisa L. Simmons. I have personal knowledge of the matters set forth herein, and I believe them to be true and correct. I am the CEO of Analytics Consulting LLC.
2. Analytics Consulting LLC (“Analytics”) is one of the leading providers of class

and collective action notice and claims management programs in the nation. It is my understanding that Analytics' class action consulting practice, including the design and implementation of legal notice campaigns, is the oldest in the country. Founded in 1970, Analytics has consulted for 52 years regarding the design and implementation of legal notice and claims management programs relating to class and collective action litigation. These engagements include notice and claims administration involving antitrust, civil rights, consumer fraud, data breach, employment, insurance, product defect/liability, and securities litigation.

3. In its Order Granting Preliminary Approval of Class Action Settlement Agreement on April 25, 2024 (the "Preliminary Approval Order"), the Court approved the Proposed Class Notification Plan, the Proposed Class Notice, and the Appointment of Analytics Consulting LLC as the Claims Administrator.

4. Analytics performed the services described herein under my supervision and I submit this Declaration to provide the Court with proof of the dissemination of the Court-approved Notices.

Notice Administration

5. The Notice Program provided for: 1) a Class Notice via U.S. Mail for all Settlement Individuals on the Class List for whom a mailing address is available; and, 2) direct notice via email (the Email Notice) to all Settlement Individuals on the Class List for whom the Defendant has an email address. Additionally, the full-length Notice and Claim Form was mailed and or emailed upon request and was made available for download at the Settlement Website, www.bwclassActions.com.

6. Analytics Consulting also established multiple modes of communication that accommodated all claimants including 1) a toll-free telephone line: 1-866-499-4565, 2) a

monitored email address: info@bwclassactions.com, and 3) a user-friendly website: www.bwclassactions.com.

7. On or about May 22, 2024, Analytics received a Class List produced by Defendants identifying 139,277 unemployment claimants who had been subject to collection activity, including their names, last known mailing address and last known email address.

8. Due to the limitations of Defendant's records, it was unknown how many on the class list had appealed or had been trying to appeal their eligibility reversals. The parties estimated that between forty and sixty percent of the individuals on the class list had been trying to appeal while subject to improper collections. Therefore, Analytics' expectation was that somewhere between 55,710 and 83,626 (40% - 60% of 139,277) of those on the class list were eligible to receive an award if they received notice and filed a claim form affirming they were subject to improper collection.

9. In all, over 28,000 responses were received. Of those, 23,794 were verified as eligible claims, including late claims. Based on expectations, this represents approximately 27-45% of the estimated eligible Class Members. Based on decades of experience, a claim rate of this level is extraordinary in a claims-made process such as this.

Outreach Efforts

10. All addresses were updated using the National Change of Address (“NCOA”)¹ database maintained by the United States Postal Service (“USPS”); certified via the Coding Accuracy Support System (“CASS”)², and verified through Delivery Point Validation (“DPV”)³.

11. These measures ensured that all appropriate steps have been taken to send Settlement Notices and Claim Forms to current and valid addresses.

12. Throughout the claim period, Analytics Consulting used multiple avenues to provide effective notice to all individuals provided on Defendants’ Class List:

- a. On June 7, 2024, the Class Notice postcard was sent via USPS First Class mail to all known Individuals on the Class List. In total, 139,277 Class Notice postcards were mailed. Additionally, the Class Notice was sent via email to all Individuals on the Class List for whom an email address was available. In total, 138,945 Class Notices were emailed. 68,051 (48.98%) emails were opened, and 11,204 (16.46%) recipients clicked through to the website.
- b. In total, 7877 Class Notices were returned undeliverable. Additionally, 1284 Class Notices were returned by the USPS with an updated address. Analytics researched the undeliverable addresses using Experian’s TrueTrace research tool and re-mailed Class Notices to 3,025 updated addresses. Analytics also re-mailed 1284 Class Notices to the updated addresses provided by the USPS.

¹ The NCOA database contains records of all permanent change of address submissions received by the USPS for the last four years. The USPS makes this data available to mailing firms and lists submitted to it are automatically updated with any reported move based on a comparison with the person’s name and last known address.

² The CASS is a certification system used by the USPS to ensure the quality of ZIP +4 coding systems.

³ Records that are ZIP +4 coded are then sent through Delivery Point Validation (“DPV”) to verify the address and identify Commercial Mail Receiving Agencies. DPV verifies the accuracy of addresses and reports exactly what is wrong with incorrect addresses.

- c. On September 5, 2024, Class Notice emails were sent to all individuals on the Class List that had not filed a claim. 131,189 emails were sent. 22,071 (16.82%) emails were opened, and 2,730 (12.37%) recipients clicked through to the website.
- d. On Wednesday, September 11, 2024, Analytics received a supplemental list adding 77 additional individuals to the Class List. On September 16, 2024, Class Notices were sent via USPS and email to the 77 additional individuals.
- e. On September 26, 2024, Class Notice emails were sent to all individuals on the Class List that had not filed a claim. 131,189 emails were sent. 16,947(12.92%) emails were opened, and 1,481 (8.74%) recipients clicked through to the website. Analytics also sent 8007 Class Notices via text message to an associated phone number for those whose email addresses had bounced back.
- f. On October 4, 2024, Analytics mailed a reminder Class Notice postcard to 130,501 individuals on the Class List who had not filed a claim. Prior to the mailing, all addresses that were returned by the USPS as undeliverable or with address corrections were researched and updated.

13. On October 11, 2024, the Parties stipulated and the Court issued an Order to Extend the Claims Filing and Opt-Out Deadline to December 20, 2024.

- a. On October 14, 2024, Analytics received an updated Class List data file. The updated list included 359 names that were not included on the original list and removed 3,513 individuals that were included on the original data file. Analytics sent notice via USPS and email to the additional 359 newly identified.

- b. On October 30, 2024, Class Notice emails were sent to all individuals on the Class List that had not filed a claim to notify them of the updated deadline to file a claim. 123,799 emails were sent. 37,992 (30.69%) emails were opened, and 4,719 (12.42%) recipients clicked through to the website.
- c. On November 23, 2024, Class Notice emails were sent to all Individuals on the Class List that had not filed a claim. 114,233 emails were sent. 29,047 (25.43%) emails were opened, and 3,788 (13.04%) recipients clicked through to the website.
- d. On November 30, 2024, Class Notice emails were sent to all Individuals on the Class List that had not filed a claim. 113,414 emails were sent. 48,135 (42.44%) emails were opened, and 5,535 (11.50%) recipients clicked through to the website.
- e. On December 5, 2024, Class Notice emails were sent to all Individuals on the Class List that had not filed a claim. 111,974 emails were sent. 48,378 (43.20%) emails were opened, and 3,955 (8.18%) recipients clicked through to the website.
- f. On December 6, 2024, Analytics mailed a final reminder Class Notice postcard to 120,119 Individuals on the Class List who had not filed a claim. Prior to the mailing, all addresses that were returned by the USPS as undeliverable or with address corrections were researched and updated.
- g. On December 11, 2024, Class Notice emails were sent to all Individuals on the Class List that had not filed a claim. 109,615 emails were sent. 44,962

(41.02%) emails were opened, and 4,299 (9.56%) recipients clicked through to the website.

- h. On December 17, 2024, final reminder Class Notice emails were sent to all Individuals on the Class List that had not filed a claim. 106,201 emails were sent. 37,871 (35.66%) emails were opened, and 2,862 (7.56%) recipients clicked through to the website.

14. Across all email notices, 70.02% of the Class List opened at least one email notice. Of the potential Class Members that did not open at least one email, 5,039 filed a claim. Additionally, three direct mail postcards were sent to individuals on the Class List who had not yet filed a claim. In total, 93.49% of the Class List either opened at least one email, filed a claim, or was mailed a postcard notice that was not returned by the USPS. Other online efforts were also undertaken to ensure effective notice to class members.

15. From September 18, 2024, through December 20, 2024, Analytics launched a digital ad campaign on Facebook and Instagram, directly targeting individuals on the Class List who had not yet registered or filed claims.

16. Throughout the claims process, Analytics placed thousands of outbound phone calls to follow up with potential Class Members that had started claims online but had not submitted a claim. Analytics also mailed a deficiency letter to all individuals that had started a claim online, but did not complete it to notify them that we had not received a claim and gave them the opportunity to complete their claim.

Toll Free Phone and Email Support

17. Beginning on June 7, 2024, Analytics established and continues to maintain a toll-free telephone number for this matter, 1-866-499-4565. This toll-free telephone line connects callers with an Interactive Voice Recording (“IVR”). By calling this number, potential Class Members are able to listen to pre-recorded answers to Frequently Asked Questions (“FAQs”) or request to have the Class Notice mailed to them. The toll-free telephone line and IVR have been available 24 hours a day, 7 days a week.

18. In addition, Monday through Friday from 8:30 a.m. to 5:00 p.m. Central Time (excluding official holidays), callers to the toll-free telephone line are able to speak to a live operator regarding the status of the matter and/or obtain answers to questions they may have about the Class Notice or Claim Form. During other hours, callers may request a call back which is automatically queued for the next business day.

19. Potential Class Members could also email a dedicated email address, info@bwclassactions.com with questions regarding the settlement, Class Notice and Claim Form.

20. As of the date of this Declaration, Analytics has received 18,509 calls to the IVR and 6,233 emails.

21. Analytics notice administration process was supplemented throughout by additional efforts by class counsel and Agency. These efforts resulted in additional public awareness of the claim process and strengthened public trust when occurring at the same time as direct mail. For instance, the Agency cooperated in individual notice provided on the MiWAM platform for every unemployment claimant on the class list. Public facing press releases also advised the public of where to find additional information and how to file a claim. Several news outlets also published articles about the settlement and the claim process. All of these efforts

worked together to ensure a robust notice process with high public confidence and a strong response rate.

Claims Administration and Award Distribution

22. Through February 20, 2025, 28,244 claims have been received, representing 20.74% of the 136,185 unemployed workers who were subject to collection activity based on the revised Class List.

23. Of the received claims,

- a. 23,212 claims were filed on or before the claim deadline and are eligible to receive a distribution payment.
- b. Of the above 904 Claimants requested and met the qualifications for an Enhanced Award based on particular demonstrated hardship.⁴ 6184 Enhancement requests were initially rejected for failure to provide required documentation to support an enhanced award. Analytics continues to receive and review supplemental documentation which may cause additional enhanced awards to be added at the time of final distribution calculations. Based on the current response rate to requests for supporting documentation, Analytics expects 2000 Enhanced Awards will be verified before the final distribution calculations are finalized.

⁴ For instance, 157 certified that they had suffered eviction or foreclosure, 135 certified that they had filed for bankruptcy, 378 certified that they had sought mental health treatment, 100 had a car or other property repossessed, and 376 documented other hardship. Some Claimants provided documentation for more than one Enhanced Award category.

- c. 582 claims were received after the claim deadline and are eligible to receive payments from the Reserve Fund established to satisfy late claims on an ongoing basis.
- d. 4450 claims were rejected because the Class Member certified on the Claim Form submitted that they were not subject to an improper collection. Settlement claimants in this category were notified that they did not satisfy the class definition. However, they were given an additional opportunity to correct their claim if they believed their original answer was in error.
- e. 73 claims were rejected because the individual that submitted the claim was not on the list of individuals provided by the Defendant that had filed an unemployment claim during the class period. These claims were given an opportunity to provide documentation to prove they are eligible class members.
- f. 17 individuals filed selections to opt-out of the settlement and retain their rights.
- g. Nobody has objected.

Proposed Award Distribution Calculations

24. Analytics received and is prepared to process 23,212 timely eligible settlement claims, and also 582 late settlement claims that were filed beyond the claims deadline but eligible for awards from the Reserve Fund established for late claims under the Settlement Agreement.

25. The most up-to-date proposed settlement award calculations are provided as an attachment to this declaration. The exact awards and recipients may change slightly based on continued claims processing or corrected documentation.

26. If approved, Analytics Consulting will make timely distributions from the Net Common Fund in proportion to the formula and procedures set out in the attached calculation.

27. The proposed settlement award calculations are based on the factors provided in the Settlement Agreement:

28. First, the total amount collected from each settlement claimant was considered. The litigation claims were focused on improper collections without an opportunity to appeal before the state-initiated collection activity. Whether a particular settlement claimant was eligible for unemployment benefits, or not, was irrelevant to the violation. However, the Settlement Agreement accounts for the differential harm caused by large collection activity and calls for settlement awards to be calculated based on a point system based on the net amount collected. Our calculation accounted for wide range of reported collections by awarding settlement values first based on the total reported amount of improper collection, reduced by amounts already returned or applied to other (non-UIA) state debt.

29. Second, the proposed awards are adjusted to ensure that every eligible claimant receives a significant award to compensate for the release of claims and account for the hardship of collection activity and repeated collection notices. Under the proposed formula, every eligible claimant will receive a minimum payment of \$250. This amount was determined based on the calculated net common fund available and designed to ensure a minimum payment that compensates every eligible class member fairly for their release of claims (without regard to smaller collection amounts) but still allows for all Class Members to receive a settlement award based on the amount of improper collection.

30. Third, all Class Members were provided an opportunity to affirm particular hardship and to provide substantiating documentation pursuant to the Settlement Agreement terms

for enhanced awards. The proposed distribution provides for enhanced awards to approximately 2000 claimants who are expected to be certified and have provided verified documentation of the hardship created by improper collection. (To date, 904 have been confirmed.)

31. Under the Proposed Distribution, every eligible class member will receive at least \$250.

32. Those that were eligible to receive an enhanced award will be paid an estimated additional \$902.95. This amount is based on a projected final verified Enhanced Award count of 2000.

33. Final awards are also adjusted based on the dollar value of the net improper collection. Some awards will reach as high as \$55,543.95.

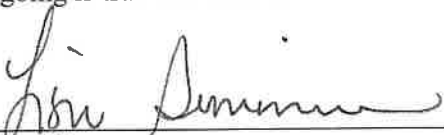
34. The minimum award to eligible class members is \$250

35. The Average award is 1403.07, while the average improper collection was \$1,341.46. Therefore, the average award to a class member is roughly 105% of the average net improper collection reported by the Agency.

36. Analytics Consulting, LLC, fully exhausted the Court-Approved Notice Plan and provided the best notice practicable under the circumstances of this case to ensure Class Members were afforded due process throughout the settlement administration process.

37. If necessary, I am prepared to testify and present evidence as to the statements above and the work performed by Analytics Consulting as Notice Administrator and Claim Administrator.

I declare under penalty of perjury that the foregoing is true and correct.



Lisa Simmons

Date: 2/25/2025

Saunders Settlement Fund Analysis

*Includes interest accrued through 1/31/2025, and estimated interest through 3/31/2025

Deposits	
Gross Settlement Deposit	\$55,000,000.00
Accrued Interest: 8/31/2024	\$130,132.73
Accrued Interest: 9/30/2024	\$221,852.48
Accrued Interest: 10/31/2024	\$218,465.20
Accrued Interest: 11/30/2024	\$204,377.55
Accrued Interest: 12/31/2024	\$204,997.68
Accrued Interest: 1/31/2025	\$198,475.33
Accrued Interest: 2/28/2025	\$198,475.33
Accrued Interest: 3/31/2025	\$198,475.33
Total Deposits with Accrued Interest	\$56,575,251.63

**February and March Interest are estimated
**February and March Interest are estimated

Debits	
Attorney Fees	
1/3 Gross Settlement Deposit	\$18,333,333.33
Estimated Tax Liability of Fund	
Estimated Tax Payments Tax Year 2024	\$375,000.00
Estimated Tax Payments Tax Year 2025	\$125,000.00
Service Award Payments (11)	
Kellie Saunders	\$25,000.00
Erick Varga	\$25,000.00
Lisa Shephard	\$25,000.00
Dawn Davis	\$25,000.00
Jennifer Larke	\$25,000.00
Anna Logan	\$25,000.00
Joshua Eggleston	\$25,000.00
Jennifer Hillebrand	\$25,000.00
Cheryl Scarantino	\$25,000.00
Eleni Zestos	\$25,000.00
Theresa Brandt	\$25,000.00
Expenses (estimated)	
Miller, Canfield (Mediation and Special Master fees)	\$25,000.00
Blanchard & Walker - Additional Costs	\$25,000.00
Settlement Administration Fees - Current to date	\$182,996.75
Settlement Administration Fees - Projected Remaining	\$110,035.00
Relief fund (3% of gross settlement fund)	\$1,650,000.00
Total Debits	\$21,101,365.08

*Estimated based on interest through 1/31/2025 only and assuming no admin fees come from the settlement fund

*500,000 in costs allocated on preliminary approval, with remainder to be returned to the fund

*500,000.00 of relief fund allocated to State Bar Foundation on preliminary approval

Net Common Fund	\$35,473,886.55
Holdback Reserve for Late Claims (2% of Gross Settlement deposit)	\$1,100,000.00

Net Amount Available To Distribute for Timely Claims \$34,373,886.55

Claim Analysis - Timely, Payment-Eligible Claims	
Total Number of Timely, Payment Eligible Claims Filed:	23,212
Total Net Collections on Timely Claims Filed:	\$31,137,885.82
allocation to make minimum payments	\$1,430,100.20
Timely Enhanced Award Applications Eligible	2000
Allocation for Enhanced Awards	\$1,805,900.53
Collection Activity on Claims Filed Analysis	
Average Collection Activity on Claims Filed:	\$1,341.46
Maximum Collection on Claims Filed:	\$55,641.00
Minimum Net Collections on Claims Filed:	\$0.00
Proposed Settlement Awards on Claims Filed	
Average Award	\$1,403.07
Minimum Award	\$250.00
Maximum Award	\$55,641.00
Enhanced Awards	\$902.95
Net Amount Available to Distribute to Late Claims	\$1,100,000.00
Total Late Claims Filed To Date	592
Total Collection Activity on Late Claims (to date)	\$581,793.68

*904 Actual current verified Enhanced Claims. Documentation continues to be received, we estimate there to be 2000 verified Enhanced Claims after documentation is received.

*Assumes \$0 as minimum, not factoring in negative Net Collections

*Assumes \$0 as minimum, not factoring in negative Net Collections

*Reserve Fund shall remain open to pay late claims for a period of 18 months

Proposed Settlement Awards on Late Claims to date	
Average Award	\$999.65
Minimum Award	\$250.00
Maximum Award	\$16,100.00
Enhanced Award	\$902.95
Enhanced Award Applications - Late	5
Amount allocated to late awards to date	\$586,308.43
Remainder Reserve Fund to date	\$513,691.57

*To date, 5 late claims have verified Enhanced Claims. Documentation continues to be received, we anticipate this number will increase as documentation is received.

*Remainder Reserve Fund to be allocated for future late claims, or distributed to cy pres recipients after 18 months

EXHIBIT 3

IN THE STATE OF MICHIGAN
COURT OF CLAIMS

KELLIE SAUNDERS, et al.,

Plaintiffs,

Case No. 22-000007-MM

v.

Hon. Brock A. Swartzle

STATE OF MICHIGAN
UNEMPLOYMENT INSURANCE
AGENCY and JULIA DALE, in her
official capacity,

Defendants.

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**STIPULATED ORDER FOR PRELIMINARY APPROVAL OF CLASS ACTION
SETTLEMENT AGREEMENT, CERTIFICATION OF SETTLEMENT CLASS
PURSUANT TO MCR 3.501, APPOINTMENT OF CLASS REPRESENTATIVES AND
CLASS COUNSEL, APPOINTMENT OF MEGAN P. NORRIS AS SPECIAL MASTER,
APPOINTMENT OF CLAIMS ADMINISTRATOR, APPROVAL OF PROPOSED
CLASS NOTIFICATION PLAN, APPROVAL OF PROPOSED CLASS NOTICE,
APPROVAL OF PROPOSED PLAN OF ALLOCATION, APPROVAL OF CLASS
REPRESENTATIVE SERVICE AWARDS, APPROVAL OF ATTORNEY FEES AND
COSTS OF LITIGATION AND ADMINISTRATIVE COSTS, AND SETTING FINAL
APPROVAL AND FAIRNESS HEARING DATE**

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Document received by the MI Court of Claims.

Upon the stipulation and agreement of the parties, and the Court being otherwise fully informed:

WHEREAS, the Parties have reached a Class Action Settlement Agreement in the above captioned matter, and seek Preliminary Court Approval of terms and Method of Settlement, Certification of a Settlement Class;

WHEREAS, the Court has been provided supporting documentation to evaluate the fairness of the settlement for purposes of preliminary approval, including:

- A fully executed copy of the Class Action Settlement Agreement,
- Declaration of proposed Class Counsel,
- Declaration, Proposed Notice and Plan of Allocation from Analytics Consulting LLC,
- Letter and investment information of proposed Escrow Agent Huntington Bank, and
- Letter Resource information from Director Bentley of the Michigan State Bar Foundation.

WHEREAS, upon review, the Court finds the Proposed Class Action Settlement to be fair, reasonable, and adequate; and

WHEREAS, the Court will have an opportunity to further review the settlement at the Final Approval hearing date set forth below.

IT IS HEREBY ORDERED that:

The terms and conditions of the Class Action Settlement Agreement in this matter are preliminarily APPROVED as fair and reasonable to the proposed Settlement Class; and

That this action is certified as a Class Action pursuant to MCR 3.501(B)(3)(b); and

A settlement class is certified consisting of: all claimants who were subject to improper collection based on agency collection activity on any unemployment insurance claim filed from March 1, 2020, until the date of this order.

Named Plaintiffs Kellie Saunders, Erick Varga, Lisa Shephard, Dawn Davis, Jennifer

Larke, Anna Logan, Joshua Eggleston, Jennifer Hillebrand, Cheryl Scarantino, Eleni Zestos, and Theresa Brandt are hereby appointed Class Representatives in this action, and individual service awards to class representatives as provided in Appendix A of the Class Action Settlement Agreement are APPROVED;

Plaintiffs' Counsel, David Blanchard of Blanchard & Walker PLLC is appointed as Class Counsel;

Megan P. Norris is appointed as Special Master in this action;

Analytics Consulting LLC is appointed as Claim and Notice Administrator in this action;

Huntington Bank is appointed as the Escrow Agent for purposes of holding and investing the settlement funds;

The proposed class notice, notice procedures, and the plan of allocation, as outlined in the Class Action Settlement Agreement and proposed by Notice Administrator is APPROVED;

Plaintiffs' Counsel's Attorneys' Fees in the Amount of one-third of the settlement and Costs, as outlined in the Settlement Agreement, are APPROVED and the requested set-aside of \$500,000.00 for notice and administration related costs is APPROVED;

A Relief Fund as provided in the Class Action Settlement Agreement is established for Agencies providing free advice and representation to class members and other UI claimants, and an initial set-aside of \$500,000.00 of the Relief Fund shall be made available to the State Bar Foundation as soon as the settlement is funded, to provide additional resources to non-profit agencies who serve UI claimants with free legal advice and representation;

Establishment of a Common Fund as outlined in Appendix B of the Class Action Settlement Agreement is APPROVED; and

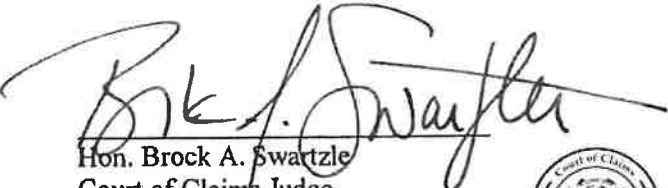
The settlement timeline as recommended by the Claims Administrator or otherwise

reflected in Appendix B of the Settlement Agreement is APPROVED.

IT IS FURTHER ORDERED that a Final Approval hearing shall be held on March 20 2025, at 10 AM PM. Class Counsel's Motion for Final Approval shall be submitted to the Court three weeks before that hearing date.


IT IS SO ORDERED.


Dated: April 25, 2024


Hon. Brock A. Swartzle
Court of Claims Judge



Stipulated to, approved as to form and notice waived by:


David M. Blanchard (P67190)
Attorney for Plaintiffs
Dated: April 17, 2024

/s/ Shannon W. Husband 
Shannon W. Husband (P60352)
Attorney for Defendants
Dated: April 17, 2024

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Saunders et al v. Unemployment Insurance Agency et al.
Class Action Settlement Agreement

Whereas, this case was filed in January 2022 alleging that the Unemployment Insurance Agency (“Agency”) acted beyond its jurisdiction and violated the State Constitutional Rights to Due Process by initiating Collection Activity against Unemployment Insurance Claimants before notice and opportunity for a fair hearing.

Settlement Remedies and Relief

1. Reforms: Before reactivation of Collection Activity against any Unemployment Insurance Agency (“Agency”) claimants, but in no case later than implementation of a new benefits platform, the Agency shall adopt or reform practices to ensure that class members and all claimants are provided due process rights to notice and opportunity for a fair hearing as to all decisions impacting rights to benefits before collection activity occurs.¹ Therefore, the Agency agrees to adopt, amend and maintain policies and practices as follows:

2. Remedial Actions

2.1 The Agency may void all denials of Good Cause (Re)Determinations in response to any adjudication denying benefits dated April 23, 2020, to January 25, 2022, and set them aside upon a finding of good cause (which is presumed), unless more than one year elapsed before receipt of the protest or appeal. If the Agency does not void all denials as indicated above, it must forego any collection action until it has issued a Redetermination on the merits.

2.2 The Agency may void all (Re)Determinations dated March 1, 2020, to February 1, 2024, which denied benefits for lack of being “able and available” to perform full or part-time work as a condition of eligibility to receive benefits under the federal Pandemic Unemployment Assistance (PUA) program under MCL 421.28(1)(c). The Agency will then issue new Determinations consistent with applicable law, and those Determinations may be protested or appealed. If the Agency does not void such (Re)Determinations, the Agency will forego any collection action until the Agency has reached a Redetermination on the merits.

2.3 To the extent it has not already done so, the Agency must inform all class members that (1) they are still considered subject to overpayment, *and* (2) they have a right to ask the Agency to waive recovery of an improperly paid benefit (including interest) if repayment “would be contrary to equity and good conscience” as defined in Section 62a of the Michigan Employment Security (“MES”) Act. Such notice must include simple direction (such as an e-mail address or http link) regarding how a request for waiver should be made.

2.4 The Agency is not required to incorporate the details of the waiver process in its notice to class members or its notice to future individuals who are subject to collections for

¹ Provided that the State has taken measures to ensure that class members and all claimants are provided due process rights, reactivation can occur even if formal manuals are not yet finalized.

overpayments. It is sufficient that individuals are advised at the time an overpayment is determined that they have a right to request a waiver for all purposes under Section 62a and that they are provided written instruction informing them of the methods for doing so as described above. Claimants may seek a waiver based on the available statutory grounds if they choose to do so in their own written request (unless or until the appropriate forms are available).

3. Future Practices -- Reconsideration

3.1 Going forward, the Agency will not reconsider any previous finding of benefit entitlement more than 30 days after the first Monetary Determination is made or within one year with good cause. The Agency has up to three years after a claimant first receives benefits to issue a Determination of Restitution under Section 62(a) or three years after a first payment that is determined to be fraudulent under Section 62(a).

3.2 Determinations or (Re)Determinations issued more than 30 days after an initial Agency payment in a claim series shall not be applied retroactively unless they include notice of the reason for retroactive application under MCL 421.32a(3) exceptions.

3.3 If the Agency rejects a protest or appeal as untimely and/or without good cause, it shall notify the claimant of the Denial of Reconsideration decision and advise the claimant of their right to appeal. No new Determination of Restitution shall be issued until the Denial of Reconsideration decision has also become final under §32(a).

4. Future Practices -- Waiver

4.1 The Agency shall implement a process for seeking a waiver, including administrative and/or clerical error as well as financial hardship as reasons for a waiver, and will allow for waiver applications to be considered at all times after a final (Re)Determination of Restitution or the reversal of a decision of benefit entitlement has been made and is final. Such process should be set forth in writing at the time of a (Re)Determination of restitution and shall include notice of the factors for waiver set forth in MCL §421.62(a).

4.2 The Agency will suspend collection the first time an individual seeks a waiver of an overpayment on such a claim until the determination on waiver has become final. However, if collection is properly reinstated and the individual files multiple waiver requests on the same overpayment determination, the Agency will not be required to suspend collection a second or subsequent time. For this purpose, a "claim" will be defined as the original claim filed, any additional or re-openings of the original claim, and any extensions of that claim. Nothing in this provision will prevent an individual from seeking a waiver and getting a suspension on a subsequent, different claim.

4.3 The Agency will not grant a waiver under Section 62(a) if the claimant has been found to have committed intentional misrepresentation or failed to provide required documentation. Otherwise, waivers will be granted to the extent provided for in Section 62(a).

5. Future Practices – Overpayments and Restitution

5.1 The Agency shall not continue to or take any measures to collect overpayments until the individual has had an opportunity to timely exhaust any rights to a review or appeal. Any (Re)Determination of Overpayment shall be accompanied by a notice of the waiver process to evaluate waivers for all purposes under Section 62(a).

5.2 The Agency is not required to forego collections based on protests or appeals denied because of a (Re)Determination that the protest or appeal was untimely. The Agency will not issue a new Determination of Restitution Due or institute collection until at least 30 days after the deadline to protest or appeal and no late protest or appeal is received. If a late protest or appeal is received, the Agency will not issue a new Determination of Restitution Due or initiate collections until there is a final determination on whether there was good cause for the late protest or appeal.

5.3 No Determination of Restitution Due shall be made until both (a) a Determination on Overpayment and (b) a (Re)Determination regarding benefit entitlement have become final (with notice and opportunity to protest or appeal). The waiver is applied retroactive to the date the application is filed if it is filed due to financial hardship under section 62(a)(ii). If a waiver is requested based on (a) a wage reporting error or (b) an administrative or clerical error, the waiver is prospectively applied under section 62(a)(i) or (iii). If a waiver is requested based on economic hardship, then the waiver is applied retroactive to the date the application is filed.

5.4 Any (Re) Determination of Restitution Due shall include notice of appeal rights, including that the individual can only protest or appeal the amount of the overpayment or the number of benefit weeks involved. Any challenge to the (Re)Determination(s) that established the overpayment (ineligibility or disqualification) must be done directly and timely regarding those (Re)Determinations or decisions. A protest and appeal process for (Re)Determinations of Restitution Due shall be made available in the same manner as all other Agency (Re)Determinations.

6. Information Sharing. Upon written request from Plaintiffs' counsel directed to the Agency's legal advisor, with a copy to the Department of the Attorney General, the Agency will provide Plaintiffs' counsel with (a) documentation reflecting both the internal changes in the Agency's processes and the date of implementation of same, and (b) documentation of notice to class members advising them of their administrative remedies if such remedies have not been exhausted, unless notice has already been given. The documentation requested must be relevant to the topics covered in this Settlement Agreement. To the extent that the documentation would not be subject to disclosure under local, state, or federal law (such as FOIA), this documentation will not be subject to disclosure.

7. Complete List of Reforms: Except as otherwise provided herein, the Agency will not be required to (a) void additional Determinations, (Re)Determinations, or decisions reversing previous findings of monetary benefit entitlement for other named or similarly qualified class members more than a year after the Monetary Determination on the claim, or (b) cancel all associated overpayments unless and until such individuals have exhausted their administrative

remedies to protest or appeal, provided that the Agency provides due process with notice and opportunity to receive a fair hearing.

8. Relief Fund: A Relief Fund shall be established to accommodate the volume of new Agency determinations generated by new review processes contemplated above by providing grants to non-profit Agencies who provide free advice and representation to Agency claimants, as agreed by the parties.

9. Preliminary Injunction: The Preliminary Injunction will remain in effect and no claimant Collection Activity will be reactivated unless and until the Parties agree or the Court finds that the above terms have been implemented.

Settlement Administration, Notice and Claims Process

10. Total Settlement Amount: The Agency will pay a Total Settlement Amount of \$55,000,000.00 in full and complete release and satisfaction of all violations alleged in the Litigation, to be allocated and administered according to terms of administration, notice, and allocation as defined in Appendix B, or as otherwise agreed in writing by the Parties and approved by the Court.

11. Court Approval: All terms in this Settlement Agreement are subject to Court approval. The parties agree to cooperate and to file an Unopposed Motion for Settlement Approval, incorporating the terms of this Settlement Agreement, which will be drafted by Plaintiffs' Counsel and provided to Defendants' counsel for approval before filing.

12. Common Fund: A Common Fund shall be created to provide relief for the benefit of all Settlement Class Members who choose to participate by submitting a valid claim form.

13. Settlement Class: Settlement Class Members are defined as all Claimants who were subject to Improper Collection based on Agency Collection Activity on any Unemployment Insurance claim filed from March 1, 2020, until the Court of Claims provides preliminary approval of the settlement of this matter.

14. Improper Collection: Improper Collection means: money collected from a Class Member by any method: (a) while a timely protest or appeal, or a late protest or appeal with good cause, was pending, (b) after a claimant attempted to protest or appeal and was unable to access services, or (c) after a claimant submitted a protest or appeal that was not timely processed, never processed, or later deleted.

15. Releases: Subject to Court approval of the Settlement Agreement and claims process, every Settlement Class Member who submits a claim will be required to sign a release of the Released Claims.

16. Certification Process: Each Settlement Class Member on the Class List shall be eligible to participate in Common Fund allocation by submitting a claim form verifying they were subject to Improper Collection.

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17. Class Certification: Solely for the purposes of this Settlement, the Parties stipulate and agree to certification of the claims asserted on behalf of the Settlement Class Members. As such, the Parties stipulate and agree that in order for this Settlement to occur, the Court must certify the Class as defined in this Agreement without modification. If the Court wishes to modify the class definition, this Settlement Agreement is void. If the Settlement does not become effective, the fact that the Parties were willing to stipulate to certification as part of the Settlement shall not be admissible or used in any way in connection with the question of whether the Court should certify any claims in a non-settlement context in this Class Action or in any other lawsuit or venue. If the Settlement does not become effective, the Agency reserves the right in further proceedings to contest any issues relating to class certification, liability, and damages. Class Counsel will be required to establish that all of the elements of Class Certification are present so that the Court may certify this Litigation as a Settlement Class. The Agency will join Class Counsel in requesting that a Settlement Class be certified by the Court.

18. Settlement Class Uniform Release: The Parties will agree on a Settlement Class Uniform Release as defined in this Agreement. No payment to a Class Member or Named Plaintiff will be made without first receiving a properly executed Release from the Claimant entitled to the payment.

19. The parties agree that Settlement Class Members who are also named Plaintiffs or Class Members in *Kreps v. MUIA, Case No. 2:22-cv-12020 (U.S.D.C., E.D. Mich.)* shall release claims for any improper collection including for any alleged violation of Count III of the *Kreps* Litigation.

20. The Total Settlement Amount is the total amount intended to reimburse or compensate for improper collection alleged in this litigation. However, for avoidance of doubt, settlement payments to settlement class members are without prejudice to, and have no effect on, claimant rights to receive Unemployment Insurance benefits as individually determined in the administrative process on a final determination after notice and opportunity for a fair hearing, and also without prejudice to the State's right to collect improper overpayments after a final determination with notice and opportunity for a fair hearing. Nothing in this Settlement Agreement shall be construed to deny, waive or diminish a claimant's rights to receive Unemployment Insurance benefits or to the State's rights or obligations to collect benefits determined to be improperly paid after final determination with notice and opportunity for a fair hearing, and consistent with the terms of this Agreement.

General Settlement Terms

21. Definitions: All terms are taken to have their meaning as defined in the MES Act. If not defined therein, words and terms shall be defined by referenced to common legal usage, except that the Parties stipulate and agree to definitions of capitalized terms used herein for purposes of interpretation of this Settlement Agreement, as contained in Appendix A.

22. Implementation: Within 90 days of Preliminary Approval by the Court, the Agency shall issue written directives to all operationally relevant personnel within the Agency clarifying its recovery procedures for overpayments of unemployment insurance benefits as provided in this Agreement. As soon thereafter as is practicable, the Agency shall issue revised

manual sections for its policy and procedures manual(s) consistent with the terms of this Settlement Agreement. The Agency will provide Plaintiffs' counsel with a courtesy copy of the written directives issued under this Settlement Agreement at the time they are issued, and an advance copy of the revised manual sections provided for under this paragraph no less than 30 days prior to their publication/distribution.

23. Reporting: The Agency will provide notice and copies of revised Unemployment Insurance forms² and Agency policies at least 30 days (or as soon as practicable) prior to the proposed implementation. Any objection to the content of proposed Agency form revisions for compliance with this agreement must be raised within 30 days (or as soon as practicable) after receipt. Suggested and accepted changes will be made on a prospective basis.

24. Saunders Compliance Liaison: A Saunders Compliance Liaison for issues related to implementation of this Settlement Agreement and compliance shall be appointed within the Agency. The liaison is the Agency Director of Compliance Kimberly Breitmeyer, at an email to be provided by Defendants. The Agency may designate substitutions of the liaison by notice, under the terms of this Agreement.

25. Notice and Opportunity to Cure: If Plaintiffs' counsel believes any Agency policy, practices, or actions are not in compliance with this Settlement Agreement, he shall give the Agency written notice of such alleged breach providing the opportunity to cure such breach for a period of 30 business days after delivery of the notice. Within 10 days of notice, the Agency shall provide a response (written, by phone, or in person) of the actions proposed in response, if any. Any notice of breach shall be made by email as agreed by the parties.

26. Appointment of Special Master: The Parties agree to the appointment of a Special Master to hear and resolve any disputes regarding settlement administration relating to Class Members and compliance by the Parties. The designation may be substituted from time to time as necessary by agreement of the Parties or by appointment by the Court. All disputes regarding settlement compliance shall be brought to the Court only after meeting and conferring among counsel and then (if the Agency requests) presenting the disagreement to the Special Master. In such case, any petition to the Court regarding administration or compliance with this Settlement Agreement shall be accompanied by a recommendation of the Special Master for resolution of the dispute. The Special Master may be substituted by (1) consent of the parties, or (2) petition to the Court accompanied by a recommendation by the then current Special Master for one or more suitable replacements. Any disputes regarding settlement compliance by the Parties, as well as the Special Master recommendations, will remain confidential unless the parties bring a matter before the Court. Cost of the Special Master for this purpose shall be equally paid by the Parties unless otherwise recommended by the Special Master.

27. Settlement Incorporated: Parties agree to the Entry of this Settlement Agreement to be incorporated by reference in a Dismissal Order as final Resolution of Saunders Litigation. If the Court rejects this Agreement in any material part, either party shall have the right to void

² Agency forms requiring notice under this provision include claimant restitution notices, questionnaires (RFI's) related to claimant benefits, monthly invoices to claimants, and the restitution waiver application.

this entire Settlement Agreement and recommence litigation on the same terms, rights and defenses as existed immediately prior to execution of this Settlement Agreement.

28. Notice: If notice is required under this Agreement, it shall be made to the following: for Plaintiffs, David Blanchard; for Defendant, Kimberly Breitmeyer. The Parties may revise its notice persons at any time by written notice to each other.

29. Severability: If any term or other provision of the Settlement Agreement and Dismissal Order is challenged by a Third Party ("Third Party" is specifically defined to exclude the Parties herein, and any of their officers, directors, managers, members, employees, agents, insurers, parent corporations, subsidiaries, affiliates, predecessors, successors, and assigns), and ultimately held by a court of competent jurisdiction or the U.S. Department of Labor to be invalid, illegal, or incapable of being enforced, or adjudged by the Agency as being in conflict with the MBS Act, the full force and effect of all other terms and provisions of this Agreement shall be enforced, and there shall be substituted for the term or provision at issue a valid, legal, and enforceable provision that reflects the original intent of the Parties as closely as possible.

30. Subsequent Legal Changes: This Agreement does not prevent the Agency from making any necessary revisions to its policies and procedures required to ensure compliance with state and federal unemployment requirements, including U.S. Department of Labor direction, guidance, or program letters. In the event that changes in law or new interpretations require modification of this Settlement Agreement, the parties agree to provide notice at least 30 days in advance of the implementation of any new policy or practice it believes is required and that would otherwise prevent full compliance with the terms of the Settlement Agreement and shall, subject to the procedure for notice and cure, stipulate to modification of the Settlement Agreement to the degree necessary to bring it into compliance.

31. Construction: Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and whenever there is any conflict between any provision of this Agreement and any new statute, law, ordinance, regulation, or U.S. Department of Labor direction, guidance, or program letter, contrary to which the parties have no legal right to contract, then the latter shall prevail; but in such event, the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to bring it within legal requirements and subject to the procedures of the preceding paragraphs.

32. Data Reporting Representations: Defendants have produced detailed collection records in connection with this mediation which the parties have materially relied upon in reaching this Settlement Agreement. Defendants represent that they have accurately reported the total amount of overpayment collected from Unemployment Insurance claimants from March 1, 2020 to present, the amount returned and the amount transferred to pay other debts on their behalf.

33. No Admission of Liability: The Agency's agreement to this Settlement is not, and should not be construed as, a direct or implied admission or acknowledgment of any wrongdoing, illegality, liability, or responsibility to any person or party for any conduct or omission, alleged or unalleged, whatsoever. The Agency enters into this Settlement for the purpose of elimination of ongoing contested legal proceedings, repose, savings of expenses

and resources, and for no other purposes.

34. Jurisdiction: The Parties shall request that the Court retain jurisdiction to enforce the Agreement.

35. Settlement Contingent on Final Approval: This Agreement shall terminate and be of no further force or effect without any further action by the Parties if (i) the Court determines not to grant preliminary or final approval of the Class Settlement; (ii) if the Court refuses to certify the class as defined without modification; and (iii) the Parties do not agree to any changes to the Class Settlement required by the Court for approval or are unable or do not agree to obtain reconsideration and reversal or appellate review and reversal of any adverse decision by the Court regarding the Settlement. However, the Parties agree to act in good faith to accept any non-material and procedural changes to this Settlement Agreement if so, required by the Court in connection with Preliminary or Final Approval of the Settlement. If settlement is rescinded, Class Counsel will return the Total Settlement Amount to the State of Michigan, less any amount expended on notice or administration activities.

36. Final Judgment: A Final Judgment under MCR 3.501(D)(5) will be entered by the Court at the conclusion of the Fairness Hearing and upon exhaustion of any timely objector's appeals. The Judgment will bind all Class Members who have not filed an election to be excluded.

37. Settlement Modification: The Parties may agree by stipulation executed by counsel to modify any aspect of this Settlement Agreement or Motions and Brief submitted in support of the Class Settlement. Any stipulation modifying the Agreement must be filed with the Court and is subject to the Court's approval.

38. Authority: The signatories below represent they are fully authorized to enter into this Agreement and to bind the Parties.

39. Best Reasonable Efforts and Mutual Full Cooperation: The Parties agree to fully cooperate with one another to accomplish the terms of this Agreement, including but not limited to, executing such documents, and taking such other action as may be reasonably necessary to implement the terms of this Settlement. The Parties to this Agreement will use their best reasonable efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary or ordered by the Court, or otherwise, to effectuate this Agreement and the terms set forth in it and to the best of their ability make it possible for distributions from the Total Settlement Amount to be made as early as possible under the terms of this Agreement.

40. Entire Agreement: This Settlement Agreement, together with any appendices, constitutes the full and entire agreement among the Parties with regard to the subject matter and supersedes all prior representations, agreements, promises, or warranties, written, oral, or otherwise. No party shall be liable or bound to any other party for any prior representation, agreement, promise, or warranty, oral or otherwise, except for those that are expressly set forth in or attached to this Agreement.

41. Binding: This Agreement will be binding upon and will inure to the benefit of the Parties and their respective heirs, trustees, executors, administrators, successors, and assigns.

42. Construction: The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, arms-length negotiations between the Parties and that this Agreement will not be construed in favor of or against any party by reason of the extent to which any party or the party's counsel participated in the drafting of this Agreement.

43. Construction of Captions and Interpretations: Paragraph titles, captions, or headings in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Agreement or any provision in it. Each term of this Agreement is contractual and is not merely a recital.

44. Agreement may be executed in one or more counterparts: All executed counterparts and each of them shall be deemed to be one and the same Agreement. This Agreement may be executed by signature delivered by facsimile, PDF, text, or .jpg and need not be the original "ink" signature. A complete set of executed counterparts shall be filed with the Court. This Agreement shall become binding upon its execution by the Class Representative, the Agency's authorized representative, and counsel.


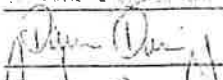

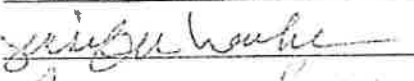
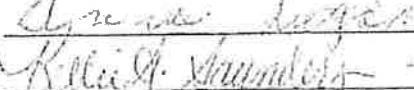
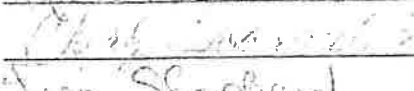



45. Other Representations: Each of the Parties to this Agreement, acknowledge and represent that:

- a. Such Party has read this Agreement;
- b. Such Party clearly understands this Agreement and each of its terms;
- c. Such Party fully and unconditionally consents to the terms of this Agreement;
- d. Such Party has had the benefit and advice of legal and other counsel of such party's own selection;
- e. Such Party has executed this Agreement fully, with knowledge, and without duress;
- f. Such Party is not relying on any other representations, either written or oral, express or implied, made by any other person or entity; and
- g. The consideration received by such Party has been actual and adequate to resolve the claims released.

[SIGNATURE PAGE FOLLOWS]

Signatures:

Dated:

Julia	Dale		
David	Blanchard		4/3/2024
Theresa	Brandt	<u>Theresa Brandt</u>	4/3/2024
Dawn	Davis		4-3-2024
Josh	Eggleston		4-1-2024
Jennifer	Hillebrand	<u>Jennifer Hillebrand</u>	4/3/24
Jennifer	Larke		3/27/24
Anna	Logan		4/2/24
Kellie	Saunders		4/1/24
Cheryl	Scarantino		3/27/24
Lisa	Shephard	<u>Lisa Shephard</u>	3/27/24
Erik	Varga		3/27/24
Eleni	Zestos		3/28/24

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Signatures:

Dated:

Julia	Dale	<u>Julia Dale</u>	March 25, 2024
David	Blanchard	_____	
Theresa	Brandt	_____	
Dawn	Davis	_____	
Josh	Eggleston	_____	
Jennifer	Hillebrand	_____	
Jennifer	Larke	_____	
Anna	Logan	_____	
Kellie	Saunders	_____	
Cheryl	Scarantino	_____	
Lisa	Shephard	_____	
Erik	Varga	_____	
Eleni	Zestos	_____	

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APPENDIX A: STIPULATED DEFINITIONS

Agency or Released Party	The Michigan Unemployment Insurance Agency (“Agency”) and the State of Michigan.
Approval	Wherever in this Agreement the Agency has been granted approval rights, the Agency will not be unreasonable in withholding its approval.
Claims Administrator	The entity approved by the Court to establish a website to communicate with Claimants and to receive, review, and approve Claims under the Plan of Allocation.
Class Counsel	David Blanchard and the law firm of Blanchard & Walker PLLC.
Class List	A list of all Potential Class Members on whom the Agency has collected overpayments on claims filed March 1, 2020 to present, along with all information necessary to calculate settlement amounts and send notice of the settlement compiled from a review of files maintained by the Agency. The Class List shall be compiled and produced as set forth in this paragraph. For each individual in the Settlement Class, the Class List shall contain: 1) first, last, and middle name; 2) Michigan identification number; 3) mailing address; 4) email address (if available); the date and type of Collection; 7) the amount of the Collection; 8) the date and amount of any Refund; 9) and any other field of information the Parties determine is necessary to effectuate the Class Settlement.
Class Notice	The notice approved by the Court that comports with MCR 3.501(C) (1-7).
Class Representatives	The named Plaintiffs and signatories to this Settlement Agreement.
Collection Activity	Any undertaking to collect an overpayment based on a “(re)determination requiring restitution” issued under Section 62 of the MES Act, including: a. Alerting claimants of an outstanding balance and collecting payment on the MiWAM portal, b. Notifying the United States Department of Treasury/Internal Revenue Service of a “covered unemployment debt” or allowing continued interception of income tax refunds, c. Using or continuing the Michigan Department of Treasury interceptions of a state income tax refund or state lottery winning, d. Wage garnishment, including wage garnishment through Plaintiffs’ or putative class members’ written authorization of a “Voluntary Wage Assignment” in response to a “Notice of Garnishment” (Agency Form 1148), e. Administrative garnishment without court intervention, f. Filing a civil action to recover overpayment (not including an adversary proceeding complaint filing in a United States bankruptcy court, where the claimant shall have a pre-deprivation opportunity to challenge the overpayment before collection), or g. Recoupment of unemployment benefits.

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Document received by the MI Court of Claims.

	h. (*Issuing a “Weeks of Overpayment” Letter is not “Collection Activity” so long as it continues to state “This is not a bill”)
Common Fund	The Total Settlement Amount paid by the Agency under the terms of this Agreement, plus any interest or earnings while it is held in trust.
Compensation Fund	The Plan of Allocation will create a Compensation Fund from which Eligible Claimants may file Claims for compensation.
Costs	All costs incurred in the prosecution of this litigation or administration of this settlement. subject to Court approval.
Court	The Michigan Court of Claims.
Effective Date	The first day after the first date on which all of the following have occurred: a. All Parties, Class Counsel, and Agency’s counsel have executed this Agreement; b. The Court has issued a preliminary approval order; c. Reasonable notice has been given to members of the Settlement Class, including providing them an opportunity to opt out of, or object to the settlement; d. The Court has entered a Final Judgment dismissing the class complaint with prejudice, approving the settlement, and ruling on Class Counsel’s fee petition; and i. Only if there are written objections filed within the applicable time period and those objections are not later withdrawn, the last of the following events to occur: If no appeal is filed, then the date on which the objector’s time to appeal the Final Judgment has expired with no appeal or any other judicial review having been taken or sought; or ii. If an appeal of the Final Judgment has been timely filed or other judicial review was taken or sought, the date that order is finally affirmed without modification by an appellate court with no possibility of subsequent appeal or other judicial review or the date the appeals or any other judicial review are finally dismissed with no possibility of subsequent appeal other judicial review. iii. It is the intention of the Parties that the settlement shall not become effective until the Court’s Final Judgment has become completely final and until there is no timely recourse by an appellant or objector who seeks to contest the settlement.
Eligible Claimant	The Claimant is on the Class List or otherwise can demonstrate that they meet the definition of Class Member.
Execution Date	The date when all Parties have executed this Agreement.
Fees	The parties agree that attorney fees shall be one third of the common fund, or as otherwise awarded by the Court.
Final Approval Order or Final Judgment	The Court’s order granting final approval of this settlement.

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Litigation	This lawsuit captioned <i>Kelly Saunders, et al. v State of Michigan Unemployment Insurance Agency, et al.</i> , Michigan Court of Claims, Case No. 22-000007-MM, the Hon. Brock A. Swartzle.
Net Common Fund	Common Fund less all Fees, Costs, Administration Costs, Service Awards, Reserve Fund, and Relief Fund.
Net Settlement Fund	The amount available for distribution to Class Members computed by subtracting from the Common Fund the following amounts, if approved: a) reasonable attorneys' fees; b) litigation costs and expenses to Class Counsel; c) the expenses of the Settlement Administrator, Notice Administrator, and QSF Settlement Administrator; and d) the Named Plaintiffs' Service Payment.
Notice Administrator	The entity approved by the Court to assist the Parties in developing the Class Notice and mailing and emailing Class Notices to known Class Members and developing methods of communicating to the public the existence of the Settlement. Upon receipt of an undeliverable notice sent by US mail or a bounced email, the Notice Administrator shall make reasonable efforts to deliver the notice to the Class Member.
Opt-Out Deadline or Objection Deadline	The date the Court establishes as the deadline by which members of the Settlement Class must mail and postmark a written notice of their intent to opt-out of the settlement and by which objections to the preliminarily approved settlement must be filed with the Court.
Parties	Plaintiffs, the Agency, and Director Julia Dale.
Payment Date	Except as indicated herein, within 30 days after the Effective Date of this Settlement, the Qualified Settlement Fund Administrator shall issue payments to Class Members who have received Final Award Notifications from the Claims Administrator.
Preliminary Approval	An order from the Court granting preliminary approval of this settlement such that notice can issue.
Qualified Settlement Distribution Fund Administrator	The administrator of a Qualified Settlement Fund (QSF) for federal tax purposes under Treas. Reg. § 1.468B-1 as established by Class Counsel and approved by the Court. The QSF Distribution Administrator is responsible for the escrowing of the Settlement funds prior to the Payment Date, issuing checks or making electronic funds transfer to Class Members based on Final Awards and the preparation and filing of all documents required by the Internal Revenue Service or its agreement with Class Counsel.
Released Claims	Subject to approval of the Court, the parties agree that all Settlement Class Members who participate will be required to release all claims they have against the Agency, the State of Michigan, or any subdivision of the state of Michigan related to Improper Collection on claims filed from March 1, 2020 to the date of settlement approval. For avoidance of doubt, this release will not release claims related to any claim of a Settlement Class Member in the pending action <i>Kreps et. al v. UIA et. al.</i> in the Eastern District of Michigan, except as to Improper Collection.

Relief Fund	The Relief Fund is designated according to the terms of this Agreement in the amount of 3% of the Common Fund
Reserve Fund	The Reserve Fund is designated according to the terms of this Agreement in the amount of 2% of the Common Fund
Saunders Compliance Liaison	The Parties agree that the initial Agency Compliance Liaison is Kimberly Breitmeyer, to be substituted according to the terms of the Settlement Agreement
Service Award(s)	In recognition of their service and bravery, named Plaintiffs shall each be awarded \$25,000 from the Common Fund
Settlement Agreement	This Agreement.
Settlement Class Members	Defined in the Class Action Settlement Agreement
Settlement Class Uniform Release	The Parties will agree on language of a Uniform Release which will be broad in scope and coverage, and which will require each Claimant to release all claims asserted or which could have been asserted arising out of the Agency's Improper Collection. The Uniform Release shall include a release of claims against the QSF Administrator.
Special Master	The Parties agree that the initial Special Master shall be Megan Norris, subject to modification according to the terms of the Settlement Agreement.
Total Settlement Amount	As defined in this Settlement Agreement, the funds shall be deposited into a Qualified Settlement Fund or court-approved escrow agent within 30 days of Preliminary Approval; this sum represents the total, complete, and final payment by the Agency in settlement of this Litigation. The Parties recognize that the total settlement amount cannot be released to the qualified settlement fund or court-approved escrow agent until the total settlement amount is approved by the Michigan Legislature. The Agency agrees to make every effort to have this matter on the Legislature's docket so the settlement can be released to the qualified settlement fund or court-approved escrow agent within thirty (30) days of the court's preliminary approval. If for some reason the Legislature is unable or unwilling to take action within the allotted time frame, counsel will jointly seek direction from the court.

APPENDIX B: SETTLEMENT ADMINISTRATION AND ALLOCATION

1. Administration Process. The claim administration procedures will be agreed upon between the Parties before seeking Preliminary Court Approval of this Settlement Agreement. The costs of Administration will be paid by the State out of the Common Fund.
2. Common Fund Apportionment. All Settlement Class Members who certify eligibility may recover *pro rata* from the Net Common Fund based on their Common Fund award points. One Common Fund award point shall be awarded for each dollar collected by the Agency. In addition, all Settlement Class Members may be allowed to certify to one or more enhanced award factors that justify greater share of the Net Common Fund. Settlement Class Members electing to certify for an enhanced award will be required to submit at least one form of agreed upon documentation in order to qualify for an enhanced settlement award.
3. Reserve Fund. 2% of the Net Common Fund will be held in reserve by the Claims Administrator. The Reserve fund shall be used to resolve later claims filed after the initial claim period. In no case will a late claim receive more than they would have received had they timely filed within the initial claim deadline. Any money remaining in the reserve 18 months after the close shall be distributed as *cy pres* awards to non-profits providing representation and advocacy regarding Unemployment Insurance issues as designated by Plaintiffs and approved by the Court.
4. Payment by Agency. In exchange for the release of claims described below, the Agency shall pay the Total Settlement Amount which shall be distributed as discussed herein. The Total Settlement Amount shall be deposited into a QSF established by Class Counsel with Agency approval. The Agency shall provide to the QSF Administrator any documentation necessary to facilitate obtaining QSF status. There shall be no reversion to the Agency from the Total Settlement Amount under any circumstance.
5. Set aside for Administrative Costs. Subject to the approval of the Court, Class Counsel may set aside from the Total Settlement an amount for Claims and Notice Administration. The Court will determine the reasonableness of the costs. Unused portions of this set aside shall be made available to the QSF Administrator to pay approved claims.
6. Release of Claims. The parties will agree on language of a Uniform Release which will be broad in coverage, and which will require each Claimant to release all claims asserted or which could have been asserted arising out of the Agency's Improper Collection. The QSF Administrator shall not make a payment for distribution unless the Claimant has properly executed and delivered to the QSF Administrator the Uniform Release.
7. Participation in the Compensation Fund. Only Eligible Claimants will be permitted to participate in the Compensation Fund. Claimants may determine their eligibility (i.e., meets the Class member definition) by making an inquiry on-line or via telephone. If the Claimant is identified as being on the Class List and can verify Improper Collection, the Claimant will be deemed to be Eligible and will be provided the information from the Class List that pertains to that Claimant. The Plan of Allocation will include a procedure for Claimants who do not appear

on the Class List but nonetheless contend that they meet the definition of Class Member.

8. Plan of Allocation. Class Counsel will be solely responsible for the development and implementation of a Compensation Fund created through the Plan of Allocation for distribution of Settlement proceeds to eligible Class Members. The Agency shall approve the Plan of Allocation as part of the Preliminary Approval process.

9. Payment into QSF and QSF Obligations. In accordance with the terms of this Agreement, the Settlement Funds shall be deposited with the escrow agent and shall remain the property of the QSF. The Settlement Funds within the Qualified Settlement Fund will be held in a fiduciary capacity. The Qualified Settlement Fund shall comply with the Treasury Regulations Section 1.468B-1 et seq. regarding taxation and tax reporting obligations. The QSF shall be deemed to be in the custody of the Court. The QSF shall remain subject to the jurisdiction of the Court until such Settlement Funds are distributed in their entirety or upon further order of the Court. It shall be the responsibility of the QSF Administrator to cause the timely and proper preparation and delivery of the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur. The QSF Administrator may invest the escrowed settlement funds in United States Treasury Notes or Bonds redeemable in time to make payment within 30 days after the Effective Date of the Settlement. Net Interest, if any, earned in the QSF will become part of the Common Fund to be distributed to the Eligible Claimants. The Net Interest is the amount available for distribution after a reduction for the payment to the QSF Administrator portion of the interest per the QSF Administrator fee agreement. The Agency shall not have any responsibility, financial obligations, or liability whatsoever with respect to the investment, distribution, or use of the QSF.

10. Claims Administrator Duties and Obligations. The Claims Administrator shall carry out the responsibilities for the administration of the Compensation Fund and claim administration and review set forth in this Agreement as well as any additional responsibilities, if any, set forth in any subsequent amendments to this Agreement. The Claims Administrator shall have the authority to determine Eligibility, perform all actions, to the extent not expressly prohibited by, or otherwise inconsistent with, any provision of this Agreement, deemed by the Claims Administrator to be reasonably necessary for the efficient and timely administration of this Agreement. The Claims Administrator may create administrative procedures, supplementary to (and not inconsistent with) those specified herein or in the Plan of Allocation, that provide further specific details about how the Plan of Allocation is to be administered, including, but not limited to, procedures regarding submission of documents, procedures regarding execution and signature of documents, and procedures regarding determination of timeliness of submissions. The Agency will not be liable for any act, or failure to act, of the Claims Administrator. Any payment to the Claims Administrator for services will be approved by the Court.

11. QSF Distribution Administrator Duties and Obligations. The QSF Administrator shall be the "QSF Administrator" within the meaning of Treasury Regulation §1.468B-2(k)(3). The Parties shall cooperate in securing an order of the Court to establish the QSF in accordance with the terms hereof in conjunction with its preliminary approval of the Settlement and Notice as described in the Agreement. In addition to all of the Administrator's other obligations under this Agreement, the QSF Distribution Administrator shall make all approved distributions to Eligible Class Members and Counsel as directed by the Trustee or the Court. The Distribution

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Administrator shall handle all federal and state tax matters related to the QSF. The Administrator shall cause a Federal Employer Identification Number for the Trust to be obtained and shall cause the annual income tax returns to be filed based on a December 31 fiscal year end. The Administrator shall take all steps necessary to ensure that any tax obligations imposed upon the QSF are paid. To the extent necessary to satisfy this objective, the QSF is hereby authorized to, among other things, (i) communicate with the Internal Revenue Service and any state agency on behalf of the QSF, (ii) make payment of taxes on behalf of the QSF (which taxes will be paid out of the QSF assets), and (iii) file all applicable tax returns for the QSF. All ordinary and necessary expenses incurred in connection with the preparation of such tax returns shall be paid from the QSF.

12. Named Plaintiffs Service Payment. Class Counsel will petition the Court for payment of \$25,000 as the service payment to each named Plaintiff, in consideration for their service to the Class. This amount shall be in addition to the amount, if any, paid to Plaintiffs from the Plan of Allocation.

13. Attorneys' Fees and Costs. Class Counsel may apply to the Court for an award of fees and costs to be paid solely from the Total Settlement Amount. The application for attorneys' fees shall be in a sum not to exceed one-third of the Total Settlement Amount. Costs (i.e., litigation expenses) shall be paid in addition to attorneys' fees in the amount in which they were or are incurred by Class Counsel and are approved for reimbursement by the Court. The Agency will not oppose the request for attorneys' fees and costs. The Agency shall have no obligation to pay any attorneys' fees or costs in addition to the payment of the Total Settlement Amount. If approved by the Court, attorneys' fees and costs will be paid to Class Counsel in one lump sum payment within 30 days of the Effective Date of this Agreement.

14. Separate Common Fund and Attorney Fees Negotiations. By signing this Agreement, the Parties warrant that, throughout mediation, they were negotiating the amount of a Common Fund and that any fees and costs to be paid from that Fund to Class Counsel were not discussed until after the amount of the Common Fund had been agreed upon. All amounts allocated as attorneys' fees and costs will be paid to Class Counsel by the QSF Administrator from the escrowed Total Settlement Amount.

15. Cy Pres or Residual Funds. Settlement Class Members shall have 180 days after their check is mailed to negotiate their check. After the 180-day check negotiation period expires, the amounts for Settlement Class Members who did not cash their check will be held by the Settlement Administrator. Within thirty (30) days, the Settlement Administrator shall deliver the sum of the uncashed checks to the Cy Pres or Residual Funds Recipient(s) approved by the Court in accordance with Michigan law.

16. Taxes. The QSF Administrator, in consultation with the Parties, will determine if taxes should be withheld from Class Member payments. To the extent settlement payments trigger any employer-side payroll or other tax obligations, the Agency shall be solely responsible for those employer-side obligations to the extent described herein.

17. Independent Tax Advice. Each Settlement Class Member shall be obligated to obtain their own independent tax advice concerning the proper income reporting and tax obligations

regarding payments that they receive under this Agreement. Class Members shall further assume the responsibility of remitting to the Internal Revenue Service or any other relevant taxing authorities all amounts required by law to be paid out of any monies received under this Agreement, without any contribution from the Agency, Class Counsel, or the Settlement Fund maintained by the QSF Administrator.

18. Access to Agency Records. The Agency shall ensure that all information contained in the Class List is compiled based on information in its possession and provided to Class Counsel within 14 days of the execution of this Agreement. The Parties agree to use best efforts to ensure that all of the information described above is produced. The Agency will either provide Class Counsel and the Claims Administrator access to the Agency records pertaining to any Claimant or appoint a full-time Agency employee to serve as Settlement Liaison. To the greatest extent possible and when and if requested by Class Counsel or the Claims Administrator, the Settlement Liaison shall promptly provide the requested information and, upon request, provide hard-copies or screen shots to verify the information provided. The Parties agree that the Class List and other information about a Claimant shall be used for purposes of this litigation only and for no other purposes. Any information provided by the Agency for the purposes herein discussed shall be destroyed at the completion of this Settlement.

19. Claw-Back Rights. The QSF Administrator may invest the escrowed settlement funds in United States Treasury Notes or Bonds redeemable in time to make payment within 30 days after the Effective Date of the Settlement. In the event the Settlement is set aside by a final appellate court order, the QSF Administrator shall liquidate the Settlement Fund within 30 days of the final appellate court order and repay to the Agency the amount in the fund minus all reasonable administrative costs already incurred.

20. Notice of Proposed Settlement and Website. The Parties shall cooperate to agree on the proposed form of a Notice of Rights to potential Settlement Class Members, advising them of their legal rights and options, subject to Court approval. Notice of Rights shall be provided as follows:

- a) The Agency will publicize the settlement. Any public-facing announcements will direct potential claimants to the MiDAS customer level alert, where all claimants who paid money to the Agency as a result of Collection Activity will be notified of the ability to certify eligibility for Settlement claim, which shall provide a link to an independent website maintained by Plaintiffs' counsel or an agreed administrator for completion of the certification process, an agreed upon Notice of Rights, and relevant pleadings and settlement documents. Counsel for the parties will negotiate the exact language of the customer level alert.
- b) For claimants for which the Agency has email addresses, the Agency shall also provide notice by email with the same link.
- c) The certification process shall include an independent process to offer manual identification if computer matching is inconclusive.

21. Notice Administrator Duties. Within five days of entry of the Order for Preliminary Approval, the Notice Administrator shall by US mail and electronic means issue a class notice of settlement approved by the Court that complies with MCR 3.501(C) (1-7). The Claims Administrator, in consultation with the Notice Administrator and Class Counsel, will maintain a website that provides Class Members and members of the public with information about the settlement, relevant and material court documents, and shall feature a means by which a Claimant can communicate with the Claims Administrator to verify Class Member status and other information necessary to pursue a claim. The Agency shall utilize appropriate systems to verify and update the addresses for each Class Member.

22. Right to Opt-Out. All members of the Settlement Class will have the right to be excluded from, *i.e.*, to “opt-out” of, the Settlement in accordance with MCR 3.501(C) (5)(b). The manner in which a Class Member may communicate their desire to opt-out will be determined by the Court. In no event shall members of the Settlement Class who purport to opt out of the Settlement as a group, aggregate, collective, or class involving more than one individual be considered a successful opt out. Any member of the Settlement Class who fails to timely and validly opt out of the Settlement under this Agreement shall be bound by the terms of this Settlement and the Final Judgment entered in this case.

23. Contingent Settlement: If ten (10) percent of the Class Members opt-out of this settlement, the Agency may terminate this Agreement. The Agency has the option of terminating this Agreement within seven (7) days of receipt of timely opt-outs. Class Counsel is responsible for providing to the Division Chief of the Labor Division, Unemployment Section, of the Department of Attorney General by email timely notice of opt-outs. In the event the opt-out threshold is met and the Agency chooses to terminate, this Agreement is null, void, and unenforceable and all remaining monies shall be returned to the Michigan Department of Treasury.

24. Objections. Class Members may object to the Settlement in a manner established by the Court. Any Class Member who does not file an objection in the manner provided by the Court shall have waived their right to appeal any aspect of the Agreement or Final Judgment. Class Counsel and the Agency agree that no payments or other consideration shall be provided to any objector or to counsel for any objector to the Settlement in connection with the objector withdrawing an objection, foregoing the right to appeal an objection, or withdrawing an appeal unless such payment is disclosed to and approved by the Court.

25. Non-Participatory Class Members. Individuals who meet the Class Member definition but fail to make a valid Claim against the Settlement Fund in accordance with the Plan of Allocation and who do not timely opt-out will be bound by the Final Judgment entered in this case.

26. Timing of Motion for Preliminary Approval of Settlement. Class Counsel will file their motion for Preliminary Approval of Settlement, Approval of Notice and Plan of Allocation, and Motion for Attorney Fees and Costs within 30 days of execution of this Agreement.

27. Motion for Final Approval of Settlement and Fairness Hearing. Plaintiffs shall move for final settlement approval no later than two weeks (14 days) following the issuance of last of the

Final Notice of Awards. The Court, at the Fairness Hearing, may in its sole discretion adjust any Final Award if the Claimant provides clear and convincing evidence that the Claims Administrator made an error in applying the Plan of Allocation criteria to the Claim.

END OF DOCUMENT

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Saunders et al. v. Michigan Unemployment Insurance Agency et al
Class Action Settlement Agreement
APPENDIX C: MODIFICATIONS AND AMENDMENTS

The Parties stipulate that Appendix B, Section 9, of the Settlement Agreement is modified to strike the words "The QSF Administrator may invest the escrowed settlement funds in United States Treasury Notes or Bonds" and in its place shall be inserted "The QSF Administrator may invest the escrowed settlement funds in accounts backed by the full faith and credit of the United States Government including a fully-insured FDIC bank account."

As stipulated by Counsel for the Parties on *April 10, 2024*


David Blanchard


Shannon Husband

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EXHIBIT 4

BOARD OF DIRECTORS

April 12, 2024

Officers

- Craig H. Lubben
President
- Julie I. Fershtman
Vice-President
- Richard K. Rappleye
Treasurer
- Ronda L. Tate Truvillion
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Directors

- Thomas R. Behm
- Thomas W. Cranmer
- Steven G. Howell
- W. Anthony Jenkins
- Karen Leppanen Miller
- Hon. William B. Murphy (retired)
- Jonathan E. Osgood
- Michael L. Pitt
- Robert F. Riley
- Hon. Victoria A. Roberts (retired)
- Richard A. Soble

Ex-Officio Directors

- Chief Justice Elizabeth T. Clement
- Daniel D. Quick
- Joseph P. McGill

Executive Director

- Jennifer S. Bentley

The Michael Franck Building
306 Townsend Street
Lansing, MI 48933-2083
(517) 346-6400
FAX (517) 371-3325
msbf.org

To Whom it May Concern,

The Michigan State Bar Foundation was created in 1947 and is the largest state funder for civil legal aid in Michigan. Since the pandemic, civil legal aid organizations have seen a significant increase in requests for assistance with unemployment benefits. Unemployment benefits are intended to mitigate a sudden loss of income for Michigan workers. The availability of immediate funding for unemployment legal assistance will have a significant impact in the short term. It will allow the organizations to increase services and provide timely assistance to workers now.

The Foundation requires regular reports, collects data, and evaluates grantees to assure efficient and effective services are provided. The Foundation provides annual grants and/or support to the following regional and statewide nonprofit legal aid organizations that provide legal assistance in unemployment matters:

- | | |
|------------------------------------|-------------------------------------|
| Counsel and Advocacy Law Line | Legal Services of Northern Michigan |
| Farmworker Legal Services | Michigan Advocacy Program |
| Lakeshore Legal Aid | Michigan Immigrant Rights Center |
| Legal Aid of Western Michigan | Michigan Poverty Law Program (MPLP) |
| Legal Services of Eastern Michigan | Sugar Law Center |

The Foundation is willing and able to administer a grant program, open to the grantees listed above, and fund organizations that can demonstrate the capacity and expertise to provide legal assistance in unemployment matters. Please see the attached sheet that provides a summary of each organization. The Foundation anticipates that this grant program will provide access to legal advice and legal representation, possibly including a statewide hotline. If the matter is more complicated, the individual will be referred to one of the participating legal services programs for additional services, including assistance in navigating the UIA system and/or representation at an administrative hearing. This statewide structure will provide access regardless of geography, and help unemployed workers in rural areas, that might otherwise not have access to an attorney.

The Foundation possesses a solid administrative structure to accept and distribute these funds. The Foundation negotiates an administrative cost based on estimated costs to administer the program. The cost often ranges between 1-5%, depending on the size and complexity of the program. The Foundation has administered the Interest on Lawyer Trust Account program since 1990 and in 1994 was assigned the responsibility of administering filing fee funds. MSBF administers the contracts and bidding process for the provision of Indigent Civil Legal Assistance through state filing fees, pursuant to MCLA 600.1485.

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The Foundation also administers other annual funding. Since July 2020, the Michigan State Housing Development Authority has providing funding through stimulus funding, to the Michigan State Bar Foundation to administer grants to legal aid organizations to provide legal assistance to households facing eviction. Since 2022, the Michigan Department of Health and Human Services has contracted with the Michigan State Bar Foundation to administer contracts to legal aid organizations to provide legal assistance to individuals with disabilities to obtain federal Supplemental Security Income (SSI) benefits. The Foundation also administers the Access to Justice Campaign, a collaborative centralized fundraising campaign, to increase resources for fourteen regional and statewide civil legal aid organizations.

In addition, the Foundation has a history of receiving and administering grant programs as a result of settlements and cy pres awards. In 2015, the Department of Justice, directed millions of dollars to IOLTA programs, as a result of a settlement with some financial institutions, to administer grants to legal aid programs to help with foreclosure prevention and community economic development. The Michigan State Bar Foundation received 11.35 million from that settlement and administered a multi-year grant program. In 2019, the Michigan Supreme Court amended MCR 3.501 to indicate that unclaimed residual funds, unless the judgment provides otherwise, shall be disbursed to the Michigan State Bar Foundation to support access to the civil justice system for low-income residents. In February 2023, the Conference of Chief Justices and Conference of State Court Administrators passed Resolution 2, in support of efforts by State Supreme Courts to increase funding for civil legal aid and related access to justice efforts through residual funds in class action cases.

We appreciate this opportunity to provide needed funding to assist individuals with unemployment matters. If you have questions about the Foundation or this letter, please feel free to contact me at 517-346-6401 or jennifer@msbf.org.

Sincerely,



Jennifer Bentley
Executive Director

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Attachment - Description of Grantee Organizations

Lakeshore Legal Aid

Lakeshore Legal Aid (LLA) provides legal assistance in the metro Detroit area (Oakland, Macomb and Wayne Counties) through offices located in Detroit, Dearborn, Mt. Clemens, Warren, Pontiac, Southfield and Taylor. LLA also administers an attorney-staffed hotline that provides services in all 83 counties. The hotline collaborates with the five regional legal aid organizations. During the COVID-pandemic, LLA expanded its range of services, advising and assisting hundreds of clients facing issues related to unemployment insurance benefits. Much of the funding to expand these services has ended, but the need has continued.

Legal Aid of Western Michigan

Legal Aid of Western Michigan provides free legal assistance in 17 counties in west Michigan with offices located in Grand Rapids, Kalamazoo, Holland, Muskegon and St. Joseph. During the pandemic, LAWWM had an attorney dedicated to unemployment insurance (UI) work, but that position was eliminated when the COVID-era funding for it ended. Funding would allow LAWWM to add more staff to conduct outreach, triage clients by providing intake services, offer personalized legal advice, and represent eligible clients with UI issues.

Legal Services of Eastern Michigan

Legal Services of Eastern Michigan (LSEM) provides free legal assistance in 14 Mid-Michigan counties with staffed offices located in Flint and Saginaw. Since the pandemic, LSEM has experienced a consistent growing need in employment-related issues. LSEM currently contracts with an attorney to handle unemployment insurance advocacy cases, but the demand for assistance in this specialized area surpasses what a single part-time attorney can manage.

Legal Services of Northern Michigan

Legal Services of Northern Michigan (LSNM) provides free legal assistance in 36 counties in the northern lower peninsula and throughout the upper peninsula. LSNM has offices located in Alpena, Escanaba, Gaylor, Houghton, Marquette and Traverse City. LSNM does not currently have funding to handle unemployment insurance cases and with funding plans to hire staff focused on UI cases.

Michigan Advocacy Program

The Michigan Advocacy Program consists of five legal aid offices in south and central Michigan serving 13 counties (Legal Services of SouthCentral Michigan, LSSCM), as well as the statewide Farmworker Legal Services Program. MAP also provides administrative services for the Michigan Immigrant rights Center. LSSCM has offices in Battle Creek, Jackson, Lansing, Monroe and Ypsilanti. LSSCM, FLS and MIRC provide legal services related to unemployment insurance (UI) issues. MAP has developed expertise in this area of the law. Many of the COVID-era funding sources that allowed MAP to provide these services have ended, and the need far outweighs the available resources.

Maurice & Jane Sugar Law Center for Economic & Social Justice

The Sugar Law Center is a community-based legal center located in the heart of Detroit. Since 1991, their work has included extensive free representation of individuals and groups of workers facing unexpected loss of employment. They have been engaged in the direct representation of unemployment insurance claimants for more than 15 years. Over the past five years, Sugar Law Center assisted more than 1,000 persons annually. A grant would greatly assist their ability to continue and expand services.

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EXHIBIT 5

To: David Blanchard
From: Jennifer Bentley, Executive Director of Michigan State Bar Foundation
Re: Unemployment Assistance Program Funding Recommendations
Date: September 26, 2024

The recent Saunders v. Michigan Unemployment Insurance Agency (UIA) settlement agreement included the provision to create a \$1.65 million dollar Relief Fund for the delivery of free legal assistance to unemployment insurance claimants. The Michigan State Bar Foundation (MSBF) was asked to administer the first year of grant funding and \$500,000 has been released to MSBF. The MSBF Board has approved grants to begin October 1, 2024 through September 30, 2025.

After discussions with legal aid organizations funded by MSBF, MSBF released an RFP to seek programs with demonstrated expertise and current capacity to handle unemployment benefit cases. The goal of this new program (utilizing UIA settlement funds) would be to ensure that legal assistance is available to all Michigan claimants, regardless of income or geographic location, and to demonstrate the need for and benefit of sustained unemployment funding.

In determining funding levels per region, taking into consideration recommendations from the legal aid programs, MSBF considered poverty populations within each region and also set a minimum amount of funding, so each region could devote an attorney to these cases. MSBF included 4% of direct expenditures for administrative costs (\$19,231) and plans to distribute the remainder in subawards (\$480,769).

Sugar Law Center (Lakeshore/Metro, Northern regions)	\$240,769
Legal Aid of Western Michigan (Western region)	\$80,000
Legal Services of Eastern Michigan (Eastern region)	\$80,000
Michigan Advocacy Program (South Central region)	\$80,000
TOTAL Subawards	\$480,769
Administrative costs to MSBF	\$19,231
TOTAL	\$500,000

In addition, the legal aid programs felt that a single point of entry for unemployment legal assistance would ensure efficient marketing of and access to the program by providing one hotline number that could be advertised for the entire state. In 2020, the Counsel and Advocacy

Law Line (CALL) developed referral protocols and built capacity to assist with the influx of requests for assistance with unemployment matters. As part of this program, CALL will screen clients, provide initial advice, and/or refer claimants to the correct regional office for assistance. MSBF Board approved MSBF funding the additional cost to provide triage and referral and approved a grant to CALL for \$80,000.

EXHIBIT 6

**IN THE STATE OF MICHIGAN
COURT OF CLAIMS**

KELLIE SAUNDERS, et al.,

Plaintiffs,

v.

Case No. 22-000007-MM

Hon. Brock A. Swartzle

STATE OF MICHIGAN
UNEMPLOYMENT INSURANCE
AGENCY and JULIA DALE, in her
official capacity,

Defendants.

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Kelly R. McClintock (P83198)
BLANCHARD & WALKER PLLC
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Alexus Ringstad (P82767)
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PROPOSED FINAL ORDER APPROVING CLASS ACTION SETTLEMENT

This matter coming by way of Plaintiffs' Unopposed Motion for Final Approval of Class Action Settlement, and this Court being otherwise fully informed:

WHEREAS the Court granted preliminarily approval on April 25, 2024; and

WHEREAS a final fairness hearing was held on March 20, 2025

WHEREAS upon review the Court finds the class action settlement to be fair, reasonable,

adequate.

1. IT IS HEREBY ORDERED that Plaintiffs' Unopposed Motion for Final Approval of Class Action Settlement is GRANTED and the Class Action Settlement Agreement between the Parties, establishing a gross common fund of \$55 Million, together with interest earned to date of approximately \$1.5 Million, for purposes of paying claims settlement awards, costs and attorneys' fees, is APPROVED as a fair, just and equitable resolution of this matter; and

2. IT IS FURTHER ORDERED as follows:

- a. The Certified Class to be bound pursuant to MCR 3.501(D)(1) is: all claimants who were subject to improper collection based on Agency Collection Activity on any unemployment insurance claim filed from March 1, 2020 through April 25, 2024, as defined in the Settlement Agreement.
- b. Find that this judgment binds all members of the class who have not submitted an election to be excluded, unless otherwise directed by this Court. MCR 3.501(D)(5).
- c. Award Distributions from a Net Settlement fund of \$34,373,886.55 to 23,212 eligible class members who filed timely claims, as calculated by the Settlement and Claims Administrator, Analytics Consulting LLC, and further described in Plaintiffs Brief in Support of this Motion is GRANTED.
- d. Establishment of a Reserve Fund in the Amount of \$1,100,000.00 set aside to pay late claims for a period of 18 months and approving initial payment of 592 late claims already received to date as calculated by the Settlement and Claims Administrator, Analytics Consulting LLC, and further described in Plaintiffs Brief in Support of this Motion is GRANTED.
- e. Establishment of a Relief Fund in the Amount of \$1,650,000.00 to be administered

by the State Bar Foundation according to the terms of the Settlement Agreement and approving distribution of the remainder of the Relief Fund after initial distribution of \$500,000.00 upon the Court's Preliminary Settlement Approval is GRANTED.

- f. Payment of estimated costs and expenses incurred in the prosecution of this matter and the administration of settlement, in an amount currently estimated as approximately \$342,000.00 (and not to exceed \$500,000.00), with any remaining amounts set-aside upon Preliminary Approval returning to the Gross Settlement Fund for the benefit of the Class Members is GRANTED.
- g. Distribution of service awards to Class Representatives and Named Plaintiffs for their efforts in securing this settlement for the benefit of the class, in the Amount of \$25,000.00 to each class representative, for a gross amount of \$275,000.00 is GRANTED.
- h. David Blanchard of Blanchard & Walker PLLC is APPOINTED as class counsel for all purposes related to representing the interests of the class and supervising administration of the settlement.
- i. The Award of attorney fees to Class Counsel in the amount of 1/3 of the Gross Settlement Fund, or approximately \$18,333,333.33, is GRANTED.
- j. The State Bar Foundation of Michigan is designated as *cy pres* recipient pursuant to MCR 3.501(D)(6) for purposes of receiving any residual settlement funds in the form of uncashed checks or residual amounts in the Reserve Fund upon the expiration of the late claims period, consistent with the terms of the Settlement Agreement.

3. IT IS FURTHER ORDERED the Court shall retain jurisdiction for purposes of enforcing the Settlement Agreement and distribution matters.

4. IT IS FURTHER ORDERED that the Class Counsel shall file reports on the Court docket (1) within 30 days of initial distribution of settlement funds and (2) again, within thirty days of final distribution of the Reserve Fund and any residual funds remaining, detailing and accounting for the distribution of all settlement funds.

THIS IS A FINAL ORDER AND RESOLVES THE LAST REMAINING CLAIM.

IT IS SO ORDERED.

Dated: _____

Hon. Brock A. Swartzle
Court of Claims Judge

Approved as to form:



David M. Blanchard (P67190)
Attorney for Plaintiffs

/s/ Shannon W. Husband w/ consent
Shannon W. Husband (P60532)
Attorney for Defendants