

QUAN-EN YANG, *et al.*
On Their Own Behalf and on Behalf
of All Others Similarly Situated,

Plaintiffs,

vs.

G & C GULF, INC. d/b/a
G&G TOWING, *et al.*

and

BRUCE PATNER t/a
PATNER PROPERTIES,
On His Own Behalf and on Behalf
of All Others Similarly Situated

Defendants.

* IN THE
* CIRCUIT COURT
* FOR
* MONTGOMERY COUNTY, MD.
* Case No. 403885V
* TRACK VI
*
* Hon. Ronald B. Rubin,
* Specially Assigned
*
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**REPLY IN FURTHER SUPPORT OF PLAINTIFFS' MOTION
TO APPROVE MARY LOIS PELZ AND DARCY PELZ BUTLER
AS ADDITIONAL REPRESENTATIVES OF THE PLAINTIFF CLASS**

Continuing his vigorous defense of this case, Named Class Defendant Bruce Patner t/a Patner Properties ("Mr. Patner") opposes Plaintiffs' Motion to Approve Mary Lois Pelz and Darcy Pelz-Butler as Additional Representatives of the Plaintiff Class ("Plaintiffs' Motion"). In particular, Patner's Opposition asserts that: (1) there is no certified Plaintiff Class in this case; and (2) in any event, Plaintiffs have not met their burden of proving each of the prongs of Md. Rule 2-231. On all fronts, Mr. Patner's Opposition is misplaced both factually and legally.

I. Patner's Opposition Plainly Misses the Main Point of Plaintiffs' Motion

Patner's Opposition disregards the purpose and intent of Plaintiffs' Motion. Plaintiffs are not seeking to replace Quan-en Yang as the Representative of the Plaintiff Class as Mr. Patner suggests. Rather, Plaintiffs are asking the Court to approve Mary Lois Pelz ("Ms. Pelz") and Darcy Pelz-Butler ("Ms. Pelz-Butler") as *additional* representatives to serve *with* Dr. Yang

because, as noted in ¶4 of the Plaintiffs' Motion, Dr. Yang is currently in China on pressing family business. Although Dr. Yang still represents the certified Class,¹ and is not wavering in his willingness to do so, it seems likely, nonetheless, that additional long trips to China in the future are possible.

But even if Dr. Yang were unwilling or no longer able to serve as a Named Plaintiff in this action – whether because of absence from the country, mootness or for some other disability – absentee members of the class are freely allowed to substitute as class representatives. ***This is the preferred approach whether or not the class is already certified.*** 1 H. Newberg, NEWBERG ON CLASS ACTIONS §2:17 at 140 (5th ed. 2012)(pre-certification mootness of named plaintiff's claim). *See also Roco, Inc. v. EOG Resources, Inc.*, 2014 WL 5430251, *4 (D. Kan. 2014) (“In class actions, where a named plaintiff's individual claims fail or become moot for a reason that does not affect the viability of the class claims, courts regularly allow or order plaintiff's counsel to substitute a new representative plaintiff”) (*citing Robichaud v. Speedy PC Software*, 2013 WL 818503 (N.D. Cal. 2013)).²

The Manual for Complex Litigation sets forth the rule this way:

¹ It is irrefutable that the Plaintiff Class was certified by the Court in this case. In ¶7 of the Judgment signed by the Court on May 3, 2016, *see* Dkt. no. 144, the Court addressed each of the requirements of Md. Rule 2-231 and certified the Plaintiff Class under both Md. Rule 2-231(b)(1) and (b)(3). As part of its determination, the Court also appointed Dr. Yang as Representative Plaintiff finding “that he meets the requirements of Maryland Rule 2-231(a)(4).” *Id.* at ¶5. *See also* Part II, below.

² Indeed, this approach is consistent with the most recent pronouncement by the Maryland Court of Appeals in *Frazier v. Castle Ford, Ltd.*, 430 Md. 144 (2013) which disapproved of the practice of “picking-off” a named plaintiff in order to moot the class' claims, especially where each class member's claim is small or moderate in size – the very “type of case for which the class action procedure was devised.” *Id.* at 158. Given the Court's refusal in *Frazier* to moot an uncertified class action when the named plaintiff is offered full relief, it is hard to image that the Court of Appeals would deny the request to add class representatives, as requested by Plaintiffs here, when such a request works only to better serve the interests of, and benefits, the absent class members.

Later replacement of a class representative may become necessary if, for example, the representative's individual claim has been mooted or otherwise significantly altered. Replacement also may be appropriate if a representative has engaged in conduct inconsistent with the interests of the class or is no longer pursuing the litigation. In such circumstances, courts generally allow class counsel time to make reasonable efforts to recruit and identify a new representative who meets the Rule 23(a) requirements. The court may permit intervention by a new representative or may simply designate that person as a representative in the order granting class certification.

MANUAL FOR COMPLEX LITIGATION, FOURTH §21.26. The permissive nature of this rule is even more so here where Plaintiffs are *not* seeking to substitute class representatives. Here the Plaintiffs merely seek to add additional absent class members to serve the Class' interests.

Despite the well accepted rules in this area, Mr. Patner clouds the issue. Mr. Patner suggests, for example, that the Plaintiff Class, if it was ever certified, was merely a "settlement class." Opposition at 2. He also tells the Court, without any support, that both Dr. Yang and Defendant G&C Gulf, Inc. t/a G&G Towing ("G&G Towing") have exited the litigation. *Id.* at 1-2. These so-called "facts," even if accurate, are not pertinent.³

Contrary to Mr. Patner's suggestion, the relevant consideration focuses on the needs of the class and absent class members. Substitution or addition of class representatives is a common practice in class litigation; and, it is "routine" and freely permitted – even pre-certification – so long as the new or additional proposed class representatives have facts and

³ Mr. Patner's "facts," however, are wildly inaccurate. Despite Mr. Patner's suggestion (Opposition at 1 n. 1, 2) neither Dr. Yang, nor G&G Towing have exited this case. Although the Court on May 3, 2016 entered Judgment against G&G Towing for \$22 million, the Judgment was not for the benefit of Dr. Yang alone; rather, the Judgment was entered for the benefit of the entire Plaintiff Class. Notably, Defendant Patner provides no citation – either from the Court record or in case law – to support his claim that the class wide Judgment entered in this case against G&G Towing resulted in Dr. Yang's and G&G Towing's withdrawal. Mr. Patner's assertions, at best, are grounded in unfounded innuendo. *See* also Part II, below.

claims that generally align with the rest of the class. MANUAL FOR COMPLEX LITIGATION, FOURTH §21.26. *See also Phillips v. Ford Motor Co.*, 435 F.3d 785, 787 (7th Cir.2006) (Judge Posner, writing for the Court, noting that “substitution of unnamed class members for named plaintiffs who fall out of the case because of settlement or other reasons is a common and normally an unexceptionable (‘routine’) feature of class action litigation”).

In this case, adding Ms. Pelz and Ms. Pelz-Butler as additional Class Representatives is particularly appropriate. Both are members of the Class certified by this Court on May 3, 2016 (Dkt. no. 144) – that is, their car was towed by G&G Towing between April 16, 2012 and January 7, 2016 in a manner consistent with the Plaintiff Class’ claims in this case. And they are willing to serve as class representatives. As set forth in their respective Affidavits, Ms. Pelz and Ms. Pelz-Butler each are prepared to testify at trial on behalf of the certified Class. *See* Motion at **Exhibit 1**, ¶6; Motion at **Exhibit 2**, ¶6. This is a great benefit to the Plaintiff Class, especially given Dr. Yang’s current uncertain travel schedule.

Thus, not only is the case law squarely in the Plaintiffs’ corner on this issue, it is in the interests of the absent Plaintiff Class members for the Court to approve Ms. Pelz and Ms. Pelz-Butler as additional representatives of the Plaintiff Class.

II. Contrary to Mr. Patner’s Suggestion, the Court Has Already Certified the Plaintiff Class and a Full Analysis Under Md. Rule 2-231 Is Not Necessary

Rather than address the case law regarding the addition or substitution of class representatives, Defendant Patner instead tells the Court that the Motion should be denied because (1) there is no certified Plaintiff Class in this case; and (2) in any event, Plaintiffs have not met their burden of proving each of the prongs of Md. Rule 2-231. As set forth in Part I above,

neither of these issues would affect the addition of Ms. Pelz and Ms. Pelz-Butler here because the Court can add class representatives even if the class is not yet certified. *See* 1 H. Newberg, NEWBERG ON CLASS ACTIONS §2:17 at 140. Nonetheless, Plaintiffs briefly address Mr. Patner's suggestions.

First, without citing *any* case law or other support, Mr. Patner argues that since the certification of the Plaintiff Class was granted at the same time that the Court considered the Plaintiffs' and G&G Towing's agreement regarding the entry of Judgment for the Plaintiff Class (Dkt. no. 144), such certification is merely that of a "settlement class." Opposition at 3-4. The obvious inference that Mr. Patner would like the Court to draw is that a "settlement class" is subject to a lesser certification standard and, thus, has no effect or purpose beyond the settlement process; and certainly it can have no application to the claims against Patner in this case. Mr. Patner's suggestion, however, ignores virtually every class action case published on the subject in the past two decades.⁴

The fact that certification of the Plaintiff Class was granted within the context of an agreement to resolve a class action does not change *any* of the applicable class certification standards, save manageability. If anything, the standard is more stringent. In *Amchem Products, Inc. v. Windsor*, 521 U.S. 591 (1997), the Supreme Court held that because a settlement class

⁴ Mr. Patner claims that the Judgment certified a mere "settlement class," also is inaccurate. The May 3, 2016 Judgment did not result from a "settlement" between the Parties; rather, the Judgment was entered because of a recognition by the Parties – based upon the uncontroverted discovery and other documents – that the facts involving G&G Towing's violations of duties owed to the Plaintiff Class under the law were uniform, consistent and indisputable. For this reason, the Judgment included findings of fact and conclusions of law by the Court. *See* Judgment, Dkt. no. 144. Because of this extra step taken by the Parties and the Court, the Judgment (including the certification of the Plaintiff Class) is not a "settlement" in the classic sense. In fact, the Judgment includes neither a release of the Plaintiff Class' claims nor a dismissal of the action.

action obviates a trial, a judge faced with a request to certify a settlement class action “need not inquire whether the case, if tried, would present intractable management problems ... for the proposal is that there be no trial” *Id.* at 620. The Court stressed, however, that “***other specifications of the Rule – those designed to protect absentees by blocking unwarranted or overbroad class definitions – demand undiluted, even heightened, attention in the settlement context.***” *Id.* (emphasis added). *Accord In re American Intern. Group, Inc. Sec. Lit.*, 689 F.3d 229, 238-40 (2d Cir. 2012).

Consistent with this “heightened” standard, “the court must examine adequacy of representation and predominance of common issues to be sure that the settlement does not mask either conflicts within classes or the overwhelming presence of individual issues.” MANUAL FOR COMPLEX LITIGATION, FOURTH §21.132. This is exactly what the Court did in connection with the entry of the May 3, 2016 Judgment. *See* Dkt. no. 144.

Thus, the very core of Mr. Patner’s argument is misplaced. Although Mr. Patner’s Opposition does not even acknowledge that the Court conducted an analysis under Md. Rule 2-231, it is clear that the certification of the Plaintiff Class on May 3, 2016, was not the result of a lesser standard, but rather a more stringent one. And, significantly, the Court’s ruling on certification is still the law of the case here and stands unless decertified or modified at some point down the road.⁵

⁵ Mr. Patner, without citing any cases or providing any reasoning or other support, also makes a bare claim that continuing to treat the Plaintiff Class as certified “raises substantial questions of due process.” Opposition at 4. Although Patner does not elaborate, such due process concerns would not be present in Maryland because the class certification “order may be amended as the case proceeds.” P.V. Neimeyer, MARYLAND RULES COMMENTARY, FOURTH at 215. Thus, any “due process” issues can be address through a motion to decertify the class or through a motion to modify the class definition, if appropriate. With that stated, Plaintiffs note that Defendant Patner’s Opposition notably fails to point to a

With that stated, it is not surprising that Mr. Patner's Opposition attempts to draw the Court's attention away from the essential considerations here. As noted both in the Motion and in this Reply, Ms. Pelz and Ms. Pelz-Butler should be approved as additional Representatives of the Plaintiff Class because they are typical and adequate. In this regard, it is indisputable that both proposed additional Plaintiff Class Representatives, like Dr. Yang: (1) are members of the Plaintiff Class certified on May 3, 2016; (2) received the Court approved notice of the proposed Judgment against G&G Towing together with the other Class members; and (3) as set forth in the Fourth Amended Complaint, present facts and claims typical of the other members of the Plaintiff Class. *See* Dkt. no. 177, Fourth Amended Complaint at ¶¶55-70.⁶ *See Mitchell-Tracey v. United General Title Ins. Co.*, 237 F.R.D. 551, 558 (2006)(finding that named plaintiff in a class action against a title insurer whose hundreds of titles agents overcharged their customers for title insurance, was typical and adequate because her claims arose from the same course of conduct leading to the class claims, based upon the same legal theory); *Multi-Ethnic Immigrant Workers Organizing Network v. City of Los Angeles*, 246 F.R.D. 621, 632 (C.D.Calif. 2007) (representative claims are 'typical' if they are reasonably coextensive with those of absent class members; they need not be substantially identical); P.V. Neimeyer, MARYLAND RULES COMMENTARY, FOURTH at 213.

single deficiency in the Plaintiff Class.

⁶ Plaintiffs note that the Fourth Amended Complaint pleads that Ms. Pelz's and Ms. Pelz-Butler's vehicle was towed from a private Parking Lot by G&G Towing (¶¶55-60); G&G Towing would not permit Ms. Pelz and Ms. Pelz-Butler to retake possession of the vehicle until all of the towing fees and charges were paid (¶¶62-63); Ms. Pelz and Ms. Pelz-Butler paid the towing fees (¶¶ 66-68) and, upon retaking possession of their vehicle were provided by G&G Towing with a legally deficient towing receipt. (¶69). These facts are consistent with the facts alleged on behalf of the entire Plaintiff Class and the findings of fact set forth in ¶9 of the Judgment.

Given this permissive standard, Ms. Pelz and Ms. Pelz-Butler fit the bill and are both appropriate as additional representatives of the Plaintiff Class. Accordingly, Plaintiffs request that the Court approve them pursuant to Md. Rule 2-231(a)(4).

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of August, 2016, I served the foregoing Reply in Further Support of Plaintiffs' Motion to Approve Mary Lois Pelz and Darcy Pelz-Butler as Additional Representatives of the Plaintiff Class and proposed Order by electronic mail and first-class mail, postage prepaid on:

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ORDER

UPON CONSIDERATION OF Plaintiffs' Motion to Approve Mary Lois Pelz and Darcy Pelz-Butler as Additional Representatives of the Plaintiff Class and any opposition thereto, and for good cause shown, it is this ____ day of _____, 2016

ORDERED that Plaintiffs' Motion is hereby GRANTED

IT IS FURTHER ORDERED that Mary Lois Pelz and Darcy Pelz-Butler are hereby appointed, pursuant to Md. Rule 2-231(a)(4), as Named Representatives of the certified Plaintiff Class in this case.

Honorable Ronald B. Rubin
Circuit Court for Montgomery County, MD.