

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 20-cv-81205-RUIZ

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

MOTION FOR APPROVAL OF ATTORNEYS' FUND

In connection with the Receiver's Motion for Approval of Settlement Among the Receiver, Putative Class Plaintiffs, and Eckert Seamans [ECF No. 1861], Putative Class Counsel Levine Kellogg Lehman Schneider + Grossman LLP, Chimicles Schwartz Kriner & Donaldson-Smith LLP, Edelson Lechtzin LLP, and Silver Law Group (collectively, "**Class Counsel**") move this Court to approve the Attorneys' Fund delineated in the parties' Settlement Agreement. As set forth more fully below, the Attorneys' Fund is *only 15%* of the gross settlement amount and has been agreed to by the Receiver. In addition, although the Securities and Exchange Commission ("**SEC**") takes no position on the settlement or the Attorneys' Fund, the percentage and amount of the Attorneys' Fund were vetted with the SEC before filing this Motion.

I. INTRODUCTION

Class Counsel and Ryan K. Stumphauzer, as Court-Appointed Receiver of the Receivership Entities,¹ have achieved an extraordinary **\$45 million** “remaining policy limits” settlement with Eckert Seamans Cherin & Mellott, LLC (collectively with John Pauciulo, Esq. “**Eckert Seamans**”) that will substantially increase the cash available for distribution to investors and settle the Putative Class Actions and the Receiver’s potential claims.² The defendants in the Putative Class Actions included, among others, Eckert Seamans.

¹ The “**Receivership Entities**” are Complete Business Solutions Group, Inc. d/b/a Par Funding; Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Investment Fund 2 LP; MK Corporate Debt Investment Company LLC; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consultants, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; Liberty Eighth Avenue LLC; The LME 2017 Family Trust; Blue Valley Holdings, LLC; LWP North LLC; 500 Fairmount Avenue, LLC; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, Inc., and the Receivership also includes the property located at 107 Quayside Dr., Jupiter, FL 33477.

² On November 6, 2020, Class Counsel commenced a putative class action in the United States District Court for the Eastern District of Pennsylvania captioned *Melchior v. Vagnozzi*, No. 20-cv-05562 (E.D. Pa) (Schiller, J.). This action was preceded by two prior actions: one commenced in the United States District Court for the District of Delaware captioned *Caputo v. Vagnozzi*, No. 20-cv-01042-UNA (D. Del.), and one commenced in the United States District Court for the Southern District of Florida captioned *Montgomery v. Eckert Seamans Cherin & Mellott*, No. 20-cv-23750-RAR (S.D. Fla.) (Ruiz, J.). The three actions are collectively referred to as “**Putative Class Actions**” and the plaintiffs are collectively referred to as “**Putative Class Plaintiffs**.”

The settlement is a significant achievement—a \$45 million cash recovery (the “**Settlement Amount**”) that is payable to investors soon after approval by the Court and issuance of a final Bar Order. As stated above, the Settlement Amount represents the remaining limits under Eckert Seamans’s “depleting” \$50 million insurance policy. In other words, the settlement is the likely maximum recovery that could be achieved through successful litigation, while eliminating the risk of costly and protracted litigation and saving significant time and expense that would otherwise erode Receivership funds, reduce the coverage available under the insurance policy, and diminish (and substantially delay) the investors’ recovery.

Class Counsel played a crucial role in the negotiations. Among other things, the Putative Class Plaintiffs were not subject to certain potential defenses that Eckert Seamans would assert against the Receiver. Class Counsel also devoted considerable time to the negotiation of the Settlement Agreement and related documentation. By the same token, the Receiver, of course, was critical in achieving the result. The Receiver was not subject to certain defenses Eckert Seamans asserted against the Putative Class Plaintiffs. The Receiver also stands in the proverbial shoes of several entities that had relationships with Eckert Seamans. Thus, the claims of the Receiver and the Putative Class Plaintiffs complemented each other to provide the investors with the strongest negotiating position against Eckert Seamans. The fruits of this strategy are evident in the settlement—a \$45 million cash recovery.

On May 6, 2024, the Receiver filed a motion to approve this settlement, which provides for notice to investors and the ability of investors to object. [ECF No. 1861, Ex. 1] (Settlement Agreement). To prevent the unjust enrichment of those investors who opted not to hire counsel to pursue these claims against Eckert Seamans, and in recognition of the significant efforts of Class Counsel representing the Putative Class Plaintiffs, the settlement provides that a portion of the

settlement will be used to compensate Class Counsel through an Attorneys' Fund. Settlement Agreement at § 7. As stated above, the Attorneys' Fund is just 15% of the recovery, which is well below the benchmark in this Circuit.

The use of settlement funds to compensate the Class Counsel for their extensive work on this matter is appropriate because it ensures that all investors receiving funds from the settlement pay their fair share of attorneys' fees, and also that investors who took the initiative to hire counsel to pursue their claims do not receive less in this settlement by having to pay all attorney fees themselves. Accordingly, Class Counsel bring this Motion to Approve Attorneys' Fund. Class Counsel does so with the understanding that this motion is best addressed once interested parties have had the opportunity to object. Filing the motion now ensures that all relevant information is available to interested parties during the notice period. Neither the Receiver nor Eckert Seamans opposes this motion.

II. BACKGROUND

This Court appointed Ryan K. Stumphauzer to serve as Receiver over the Receivership Entities. [ECF No. 36]. As stated above, Class Counsel filed the Putative Class Actions. The Putative Class Plaintiffs are not pursuing claims against any Receivership Entities and contended that Eckert Seamans aided and abetted the fraud by, *inter alia*, creating and advising agent funds used to solicit investors in Par Funding merchant cash advance loans, preparing false and misleading offering documents distributed to investors, and serving as *de facto* underwriters of the merchant cash advance investments. Class Counsel obtained an Order in the Putative Class Actions (i) naming them interim Co-Lead Counsel; and (ii) giving them sole and exclusive authority to "conduct settlement negotiations" on behalf of the putative Classes. *See Melchior v. Vagnozzi*, No. 20-cv-05562 (E.D. Pa). *See Exhibit 1* at ¶¶ 1 and 5(d). Eckert Seamans denies all

material allegations asserted by the Putative Class Plaintiffs in the Putative Class Actions. The settlement was reached following a comprehensive investigation of the facts, extensive litigation, a mediation session, and literally months of collaborative efforts by the Receiver and his counsel, Class Counsel, and counsel for Eckert Seamans.

A. Mediation and Settlement

The mediation was a collaborative effort by Class Counsel on behalf of Putative Class Plaintiffs and the Receiver to resolve their respective claims against Eckert Seamans. The Parties agreed to mediate before JAMs mediator, Robert B. Davidson, in New York. *See Exhibit 2* at ¶ 10 (Schneider Decl.); *Exhibit 3* at ¶ 2 (Schwartz Decl.); *Exhibit 4* at ¶ 16 (Lechtzin Decl.); *Exhibit 5* at ¶ 8 (Silver Decl.). In preparation for mediation, Class Counsel spent considerable time developing and pursuing their claims and analyzing defenses. *See* Schneider Decl. at ¶¶ 9-10, 13; Schwartz Decl. at ¶ 2; Lechtzin Decl. at ¶ 16; Silver Decl. at ¶¶ 4-7. The mediation process included lengthy, multiparty negotiations involving multiple parties asserting multiple claims in multiple fora and layers of insurance. *Id.* Class Counsel played an “instrumental” role in the settlement.

As stated above, the Putative Class Actions were litigated for extensive periods of time, during which discovery—both formally and informally—was conducted, comprising tens of thousands of documents. The settlement was the result of a formal in-person mediation with JAMS in New York, but also included countless telephone conferences and in-person meetings in Miami and New York. All the while, all Parties were represented by experienced and diligent counsel vigorously pressing their respective client’s positions.

During negotiations and in preparation for mediation, and thereafter, the Parties exchanged information about the Parties’ actual and potential claims and defenses. The proposed settlement

marks the culmination of those efforts and is reflected in the Settlement Agreement and this Motion. The Settlement Agreement provides outstanding recoveries for the Receiver and the Receivership Entities; after payment of attorneys' fees, it still results in a recovery *of approximately \$38 million*. The Settlement Amount will thus substantially benefit *all* Investors and *all* Receivership Entities.

Eckert Seamans has been vigorously defending the Putative Class Actions and would continue to do so absent the settlement memorialized in the Settlement Agreement. To avoid the continued expense, delay, and uncertainty associated with the Putative Class Actions, and to avoid the continued depletion of the Eckert Seamans insurance policy, the Parties participated in mediation and reached a settlement on June 7, 2023. The parties then spent months negotiating the terms of the formal Settlement Agreement, which is ready to be signed by the parties once approved by this Court. Importantly, the settlement with Eckert Seamans settles not only the claims that the Putative Class Plaintiffs brought against Eckert Seamans, but also the claims that the Receiver would bring on behalf of the Receivership Entities. These are different claims; the Receiver lacks standing to bring or settle Putative Class Plaintiffs' claims, and the Putative Class Plaintiffs lack standing to bring or settle the Receiver's claims.

Because Class Counsel's extensive work over the years inures to the benefit of *all* investors, Section 7 of the Settlement Agreement provides for an Attorneys' Fund to compensate Class Counsel (subject to this Court's approval). This Fund amounts to 15% of the \$45 million recovery, a total of \$6.75 million to be split among the four firms. Eckert Seamans and the Receiver do not oppose the creation of this Attorneys' Fund, nor this motion. Settlement Agreement at § 7(b).

The form of the proposed notice of this settlement advises interested parties of the Attorneys' Fund, the amount thereof, and the procedures for objecting. Settlement Agreement, Ex. C. The Receiver will include the instant motion on his website (www.parfundingreceivership.com) so that interested parties can obtain copies during the notice period (and assess whether to object).

III. THE 15% ATTORNEYS' FUND SHOULD BE APPROVED

A. Legal Standard

The Supreme Court has long recognized that counsel that created 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.” *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478 (1980). Such compensation ensures those who benefit are not “unjustly enriched.” *Id.* In the Eleventh Circuit, “attorneys’ fees awarded from a common fund must be based upon a reasonable percentage of the fund established for the benefit of the class.” *See Camden I Condo. Ass’n, Inc. v. Dunkle*, 946 F.2d 768, 774 (11th Cir. 1991); *Gevaerts v. TD Bank*, No. 11:14-cv-20744, 2015 WL 6751061, at *10 (S.D. Fla. Nov. 5, 2015) (“[C]lass counsel is awarded a percentage of the fund generated through a class action settlement.”). “There is no hard and fast rule mandating a certain percentage of a common fund which may be awarded as a fee because the amount of any fee must be determined upon the facts of each case.” *Camden I*, 946 F.2d at 774; *see also Waters v. Int’l Precious Metals Corp.*, 190 F.3d 1291, 1294 (1999) (discussing district courts’ discretion to fix fee awards based on “individual circumstances of each case”). District courts have “substantial discretion in determining the appropriate fee percentage awarded to counsel.” *Gevaerts*, 2015 WL 6751061, at *10.

In this case, the Attorneys' Fund is 15% of the Settlement Amount, which is *well below* the 25% benchmark in this Circuit. The Eleventh Circuit acknowledges that fee awards between 20% and 30% of the common fund are reasonable, with 25% being “generally recognized as a reasonable fee award in common fund cases.” *Faught v. Am. Home Shield Corp.*, 668 F.3d 1233, 1242 (11th Cir. 2011); *see also Camden I*, 946 F.2d at 775 (“[D]istrict courts are beginning to view the median of this 20% to 30% range, i.e., 25%, as a ‘bench mark’ percentage fee award which may be adjusted in accordance with the individual circumstances of each case.”). Indeed, district courts view 25% as the “benchmark fee award.” *In re Sunbeam Sec. Litig.*, 176 F. Supp. 2d 1323, 1337 (S.D. Fla. 2001). As noted by Judge Scola, a “one-third recovery . . . is a customary fee” for class actions. *Diakos v. HSS Sys., LLC*, No. 14-61784, 2016 WL 3702698, at *6 (S.D. Fla. Feb. 4, 2016). Courts in this Circuit thus routinely grant fee awards of one-third or more of the class settlement fund. *See, e.g., See, e.g., Wolff v. Cash 4 Titles*, 2012 WL 5290155, at *5-6 (S.D. Fla. Sept. 26, 2012) (“The average percentage award in the Eleventh Circuit mirrors that of awards nationwide—roughly one-third”); *Waters v. Int’l Precious Metals Corp.*, 190 F.3d 1291, 1295-98 (11th Cir. 1999) (affirming class action fee award of 33 1/3 % of the total available settlement fund); *Belin v. Health Ins. Innovations, Inc.*, 19-61430-CIV, 2022 WL 1125788 (S.D. Fla. Apr. 15, 2022) (33.33%).

In determining the reasonableness of the fee award, *Camden I* directs district courts to consider 12 nonexclusive factors when evaluating the reasonable percentage to award class counsel: (1) the time and labor required; (2) the novelty and difficulty of the questions involved; (3) the skill requisite to perform the legal service properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by the client or the circumstances; (8) the amount

involved and the results obtained; (9) the experience, reputation, and ability of the attorneys; (10) the “undesirability” of the case; (11) the nature and the length of the professional relationship with the client; and (12) awards in similar cases. 946 F.2d at 772 n.3, 775 (citing *Johnson v. Ga. Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974)). “Other pertinent factors are the time required to reach a settlement, whether there are any substantial objections by class members or other parties to the settlement terms or the fees requested by counsel, any non-monetary benefits conferred upon the class by the settlement, and the economics involved in prosecuting a class action.” *Id.* at 775. In addition, the Eleventh Circuit encourages district courts to consider any other factors unique to the particular case. *See id.* Most fundamentally, “monetary results achieved predominate over all other criteria.” *See id.* at 774.

B. The Requested 15% Fee is Reasonable

1. Results Achieved

The results achieved is the most significant factor, and the results here—a \$45 million recovery, despite the many legal and factual challenges—is outstanding. *See Hensley v. Eckerhart*, 461 U.S. 424, 436 (1983) (“most critical factor is the degree of success obtained”); *Thorpe v. Walter Inv. Mgmt. Corp.*, 1:14-CV-20880-UU, 2016 WL 10518902, at *10 (S.D. Fla. Oct. 17, 2016) (“Courts have consistently recognized that the result achieved is a major factor to be considered in making a fee award.”).

With respect to this factor, the Court should consider the results obtained by Class Counsel in light of the complexity of the case and the considerable obstacles to recovery. *See Camden I*, 946 F.2d at 772 n.3, 775 (examining “the novelty and difficulty of the questions involved” and “the amount involved and the results obtained,” and “any non-monetary benefits conferred upon

the class”). This is the primary factor for consideration because “monetary results achieved predominate over all other criteria.” *Camden I*, 946 F.2d at 774.

The settlement in this case constitutes a significant recovery for investors that was far from guaranteed. The settlement substantially increases the assets of the Receivership estate and enhances the value of the Receivership estate for the benefit of all investors. Indeed, this settlement alone creates a recovery of **18% of the total investor losses**, which the Receiver has identified as roughly \$250 million, against parties that acted as counsel with respect to only a portion of the agent funds. That result exceeds the average percentage of investor losses paid in settlement when measured as a percentage of losses recovered. *See, e.g., Thorpe v. Walter Inv. Mgmt. Corp.*, 1:14-CV-20880-UU, 2016 WL 10518902, at *3 (S.D. Fla. Oct. 17, 2016) (“The Settlement represents 5.5% of this best-case scenario . . . The Settlement is an excellent recovery, returning more than triple the average settlement in cases of this size.”); **Exhibit 6** at p. 6, Figure 5 (Cornerstone Report, “Securities Class Action Settlements: 2023 Review and Analysis”) (reporting median percentage of 2023 recoveries of 15.2% in 10b-5 cases alleging less than \$25 million in damages, and 4.5% overall for all securities class actions).

This settlement is particularly remarkable given the obstacles to recovery in this complex case. To succeed on their claims, Putative Class Plaintiffs had to show, among other things, that Eckert Seamans knowingly aided and abetted the wrongdoing. These are fact-intensive inquiries that require a strong evidentiary showing, usually through inference and circumstantial evidence due to the complex nature of a years-long investment scheme. The Rule 23 aspects of this case added more difficulties for Class Counsel. In addition to the burden of proof on the substantive claims, Class Counsel had the task of developing sufficient evidence to meet the requirements of Rule 23(a). Moreover, even a successful certification motion may have been subject to

discretionary appellate review under Rule 23(f). The settlement is therefore remarkable in light of the obstacles facing Putative Class Plaintiffs and the many unknown turns that the case could have taken litigating against a well-funded, deep-pocket adversary with outstanding counsel.

This is a substantial achievement on behalf of investors and weighs in favor of approving the requested 15% Attorneys' Fund.

2. Novelty and Difficulty of Questions Involved

The claims asserted against Eckert Seamans contain complex and novel issues of law and fact that would require a substantial amount of time and expense to litigate, against a formidable adversary, with a significant risk that investors ultimately may not prevail on their claims. *See* Schneider Decl. at ¶¶ 8, 14; Lechtzin Decl. at ¶¶ 17-20; Silver Decl. at ¶¶ 9-12.

Class Counsel faced numerous difficult and complex legal and factual issues that arise when investors pursue claims against a third-party professional who assists or enables a fraudulent scheme, including issues of proving reliance, standing, causation, and knowledge of the fraudulent scheme. *See* Schneider Decl. at ¶¶ 8, 14. Each of those issues include proverbial “threshold” legal questions that the investors must win, or risk a total loss to the investors. While Class Counsel has always felt their cause was just and they would ultimately be able to achieve a favorable outcome at trial, the outcome was not at all certain and the investors—and Class Counsel—faced many risks if these matters had proceeded to summary judgment, trial, and post-trial appeals. *See* Schneider Decl. at ¶¶ 8, 15; Lechtzin Decl. at ¶¶ 17-20; Silver Decl. at ¶¶ 9-12.

2. Time and Labor Required

Next, the Court should consider the time and labor devoted by Class Counsel to prosecute this case and reach a settlement. *See Camden I*, 946 F.2d at 772 n.3, 775 (examining “the time required to reach a settlement” and “the time and labor required”).

This case was complex and required Class Counsel's immediate and sometimes exclusive attention during various points. In addition to the briefing and motion practice apparent from the docket, Class Counsel expended significant effort and time investigating Eckert Seaman's involvement in the scheme. *See* Schneider Decl. at ¶¶ 5-8, 13; Schwartz Decl. at ¶¶ 2, 4; Lechtzin Decl. at ¶¶ 7-11; Silver Decl. at ¶¶ 4-7, 13.

These efforts paid off during the parties' mediation discussions, which resulted in the settlement. But even after the parties reached a settlement in principle, Class Counsel continued for months and took the lead in drafting settlement papers that were acceptable to all parties and the Receiver. *See* Schneider Decl. at ¶ 13; Schwartz Decl. at ¶¶ 2, 4; Lechtzin Decl. at ¶¶ 12, 16; Silver Decl. at ¶ 8. It is therefore apparent from the record that significant time and effort were required of Class Counsel to obtain the settlement. The effort involved in reaching the settlement thus support Class Counsel's requested fee award.³

3. Skill Required, Quality of Work, and the Experience, Reputation, and Ability of the Attorneys

Class Counsel's capabilities, reputation, and handling of the action for the Putative Class Plaintiffs confirms the reasonableness of the fees sought. *See Camden I*, 946 F.2d at 772 n.3, 775 (examining "the skill requisite to perform the legal service properly," "the experience, reputation,

³ The stage of the proceedings is not controlling when considering the appropriate fee award. *See, e.g., Janicijevic v. Classica Cruise Operator, Ltd.*, No. 20-CV-23223, 2021 WL 2012366, at *4-*10 (S.D. Fla. May 20, 2021) (granting fee award of approximately 30% of common fund for settlement researched while a motion to compel arbitration was pending and early discovery was ongoing); *Boyd v. Task Mgmt. Staffing Inc.*, No. 8:20-CV-780-T-35JSS, 2021 WL 2474433, at *2 (M.D. Fla. Apr. 30, 2021) (awarding one-third of settlement fund as attorneys' fees prior to class certification motion); *Williams v. Reckitt Benckiser LLC*, No. 20-23564-CIV, 2021 WL 8129371, at *18, *38, *44 (S.D. Fla. Dec. 15, 2021) (approving attorneys' fee award of 36% of monetary relief for settlement reached while motion to dismiss was pending and prior to certification proceedings); *In re Checking Acct. Overdraft Litig.*, 830 F. Supp. 2d 1330, 1361-68 (S.D. Fla. 2011) (awarding 30% of settlement fund for settlement reached prior to certification motions and prior to Rule 30(b)(6) depositions).

and ability of the attorneys,” and “the nature and length of the professional relationship with the client”). The settlement was reached following an extensive investigation of the facts, an extensive analysis of the law, extensive litigation, and vigorous negotiations involving experienced and competent counsel. *See* Schneider Decl. at ¶¶ 8-10, 13, 15; Schwartz Decl. at ¶ 2; Lechtzin Decl. at ¶¶ 7-11, 17-20; Silver Decl. at ¶¶ 4-7. These matters required a high degree of skill and experience given the complexity of the issues and the resources of Eckert Seamans and their counsel. *See* Schneider Decl. at ¶¶ 14-15; Lechtzin Decl. at ¶¶ 17-20; Silver Decl. at ¶¶ 9-12.

Class Counsel has extensive experience and expertise in complex litigation proceedings, receivership-related matters, and class actions throughout the United States. *See* Schneider Decl. at ¶ 14; Schwartz Decl. at ¶ 3; Lechtzin Decl. at ¶¶ 3-6; Silver Decl. at ¶¶ 1-3. Class Counsel maximized the particular strengths and experience of each member of their team to pursue these matters efficiently and effectively. *See* Schneider Decl. at ¶14.

Beyond that, the Class Counsels’ reputations, diligence, expertise, and skill are reflected in the results they have achieved. *See Thorpe*, 2016 WL 10518902, at *10 (“It is well-settled that one of the primary determinants of the quality of the work performed is the result obtained.”) (quoting *Ressler v. Jacobson*, 149 F.R.D. 651, 655 (M.D. Fla. 1992)). Class Counsel and the Receiver resolved this dispute efficiently despite the potential hurdles they faced.

The quality and vigor of opposing counsel is also important in evaluating the services rendered by Class Counsel. *See Thorpe*, 2016 WL 10518902, at *9 (“The quality of opposing counsel is also important in evaluating the quality of Class Counsel’s work.”). The settlement was particularly challenging because Eckert Seamans was represented by highly skilled counsel, Troutman Pepper Hamilton Sanders LLP and Welsh and Recker, P.C.

4. Contingent Nature of the Fee and Preclusion from Other Employment

“The Court should give substantial weight to the contingent nature of Class Counsel’s fees when assessing the fee request.” *Thorpe*, 2016 WL 10518902, at *10. The settlement was achieved, in part, by Class Counsel who all accepted the engagement on a pure contingency basis, thereby assuming all risks of non-payment for their work on the matter *and* advancing all litigation-related costs. *See* Schneider Decl. at ¶ 15; Schwartz Decl. at ¶¶ 4-5; Lechtzin Decl. at ¶¶ 21-23; Silver Decl. at ¶¶ 13-15.

Indeed, as explained above, this litigation presented significant risks, given the complexity of the legal and factual issues, and the resources of Eckert Seamans and its counsel. This matter also represented a significant allotment of resources by Class Counsel. *See* Schneider Decl. at ¶¶ 16-18; Schwartz Decl. at ¶¶ 4-5; Lechtzin Decl. at ¶¶ 21-23; Silver Decl. at ¶¶ 13-15. The prosecution of this case on a contingency basis precluded Class Counsel from taking on other matters, including hourly employment. *See* Schneider Decl. at ¶ 19; Lechtzin Decl. at ¶ 21. Class Counsel devoted hundreds of hours of time and fronted thousands of dollars in expenses, with no guarantee of any recovery or even reimbursement of the advanced expenses. *See* Schneider Decl. at ¶¶ 15-18; Schwartz Decl. at ¶¶ 4-5; Lechtzin Decl. at ¶¶ 21-23; Silver Decl. at ¶¶ 13-15. The commitment of labor and up-front payment of expenses posed a considerable financial risk to Class Counsel had they failed to achieve a recovery for the investors. Therefore, these factors support the requested award.

5. Customary Fee and Awards Made in Similar Cases

“The ‘customary fee’ in a class action lawsuit of this nature is a contingency fee because virtually no individual possesses a sufficiently large stake in the litigation to justify paying his attorneys on an hourly basis.” *Thorpe*, 2016 WL 10518902, at *10. As discussed, the Eleventh

Circuit has found that a 25% fee award from a common fund is the “benchmark” as it falls within the 20-30% range of reasonable awards. *See supra* Part III(A).

In fact, fee awards exceeding that range are quite common. As noted by Judge Scola, a “one-third recovery . . . is a customary fee” for class actions. *Diakos v. HSS Sys., LLC*, No. 14-61784, 2016 WL 3702698, at *6 (S.D. Fla. Feb. 4, 2016). Courts in this Circuit thus routinely grant fee awards of one-third or more of the class settlement fund. *See, e.g., Belin*, 2022 WL 1125788 (33.33%); *Swift v. BancorpSouth Bank*, No. 1:10-CV-00090-GRJ, 2016 WL 11529613, at *19 (N.D. Fla. July 15, 2016)(35%); *Cabot East Broward 2 LLC*, 2018 WL 5905415, at *11 (33.33%); *Dear v. Q Club Hotel, LLC*, No. 15-60474-CIV, 2018 WL 1830793, at *5 (S.D. Fla. Mar. 14, 2018), report and recommendation adopted, No. 15-60474-CIV, 2018 WL 1813565 (S.D. Fla. Apr. 5, 2018) (33.3%); *Fernandez v. Merrill Lynch, Pierce, Fenner & Smith Inc.*, 15-22782-CIV, 2017 WL 7798110, at *4 (S.D. Fla. Dec. 18, 2017) (35%); *Wolff*, 2012 WL 5290155, at *7 (33%); *Pritchard v. APYX Med. Corp.*, No. 819CV00919SCBAEP, 2020 WL 6937821, at *1 (M.D. Fla. Nov. 18, 2020) (33 1/3%); (33 1/3%); *Atkinson v. Wal-Mart Stores, Inc.*, No. 8:08-CV-691-T-30TBM, 2011 WL 6846747, at *7 (M.D. Fla. Dec. 29, 2011) (33 1/3%).

Because Class Counsel seeks an award of significantly less than 25% of the common fund, these factors weigh in favor of the requested fee award. Here, Class Counsel has agreed to request an award of only 15%, which is justified in light of the excellent outcome, when compared to the risks attendant to this action and the fees awarded in similar class actions.

In sum, each of the factors supports Class Counsels’ request for approval of the Attorneys’ Fund equal to 15% of the Settlement Amount.

C. The Lodestar Cross-Check Confirms Reasonableness of the Attorneys' Fund

Courts in this Circuit may, *although are not required to*, use the lodestar method as a crosscheck of the percentage of the fund approach.⁴ Applying the lodestar method as a cross-check further supports the reasonableness of the requested fees, as it reflects a modest lodestar multiplier of 2.0. Class Counsel performed substantial work in litigating these cases, including:

- a. interviewing hundreds of investors as part of factual development;
- b. reviewing and producing voluminous documents;
- c. investigating and researching claims;
- d. preparing complaints and amended complaints, and performing related legal and factual research;
- e. responding to motions to dismiss;
- f. preparing and responding to discovery requests;
- g. coordinating and developing legal strategy for the mediation, preparing mediation statements and attending mediation; and
- h. negotiating and preparing the settlement agreements, reviewing and revising drafts of the settlement agreements, the approval orders, and exhibits.

See Schneider Decl. at ¶¶ 5-8, 10, 13; Schwartz Decl. at ¶ 2; Lechtzin Decl. at ¶¶ 7-16; Silver Decl. at ¶¶ 4-8.

⁴ In fact, “in the Eleventh Circuit, ‘the lodestar approach should not be imposed through the back door via a ‘cross-check.’” *Wilson v. EverBank*, No. 14-cv-22264, 2016 WL 457011, at *13 (S.D. Fla. Feb. 3, 2016) (quoting *In re Checking Account Overdraft Litig.*, 830 F. Supp. 2d 1330, 1362 (S.D. Fla. 2011)). Thus, “courts in this Circuit regularly award fees based on a percentage of the recovery, without discussing lodestar at all.” *Id.* at 1363; see, e.g., *In re Takata Airbag Prods. Liability Litig.*, No. 15-02599, 2017 WL 5706147, at *4-5 (S.D. Fla. Nov. 1, 2017); *Reyes v. AT&T Mobility Servs., LLC*, No. 10-20837, 2013 WL 12219252, at *6 (S.D. Fla. Jun. 21, 2013).

According to their contemporaneous internal billing records, Class Counsel expended the following total lodestar, hours, and expenses, which sums *stop on May 6, 2024*—and thus do not even include the work performed since then:

Law Firm	Total Hours	Total Lodestar
Levine Kellogg Lehman Schneider + Grossman LLP	1,640.30	\$1,372,269.50
Chimicles Schwartz Kriner & Donaldson-Smith LLP	991.10	\$778,178.00
Edelson Lechtzin LLP	1,034.60	\$998,763.00
Silver Law Group	276.60	\$214,880.00
TOTAL	3,942.60	\$3,364,090.50

See Schneider Decl. at ¶ 16; Schwartz Decl. at ¶ 4; Lechtzin Decl. at ¶ 21; Silver Decl. at ¶ 13.⁵

The foregoing time reflects usual and customary billable rates. See Schneider Decl. at ¶ 17; Schwartz Decl. at ¶ 4; Lechtzin Decl. at ¶ 21; Silver Decl. at ¶ 13. The average hourly rate across Class Counsel is \$853.46 and the rates range from \$700 to \$1,350 for partners and \$375 to \$850 for contract attorneys and associates. These rates are reasonable based on the market rates for complex litigation and are commensurate with the skill and experience of the participating attorneys. See, e.g., *In re Suboxone (Buprenorphine Hydrochloride and Naloxone) Antitrust Litig.*, No. 13-MD-2445, 2023 WL 8437034, at *18 (E.D. Pa. Dec. 4, 2023) (finding rates between \$900 to \$1,000 per hour to be reasonable); *Hessefort v. Super Micro Computer, Inc.*, No. 18-CV-00838-JST, 2023 WL 7185778, at *9 (N.D. Cal. May 5, 2023) (approving rates that range from

⁵ Class Counsel also collectively advanced \$90,922.92 in out-of-pocket expenses in conjunction with this matter. See Schneider Decl. at ¶ 18; Schwartz Decl. at ¶ 5; Lechtzin Decl. at ¶ 22; Silver Decl. at ¶ 14. Class Counsel does not seek reimbursement of the expenses separately from the total award. See Schneider Decl. at ¶ 18.

\$770 to \$1,350 for partners or of counsel attorneys were reasonable); *In re Remicade*, 2023 WL 2530418, at *27–28 (E.D. Pa. Mar. 15, 2023) (approving hourly rates between \$115 to \$1,325); *Fulton-Green v. Accolade, Inc.*, No. 18-cv-274, 2019 WL 4677954, at *12 (E.D. Pa. Sept. 23, 2019) (approving class counsel’s rates that ranged from \$202 to \$975 per hour); *Hefler v. Wells Fargo & Co.*, No. 16-CV-05479-JST, 2018 WL 6619983, at *14 (N.D. Cal. Dec. 18, 2018), *aff’d sub nom. Hefler v. Pekoc*, 802 Fed. App’x 285 (9th Cir. 2020) (approving rates that range from \$650 to \$1,250 for partners or senior counsel, \$400 to \$650 for associates, and \$245 to \$350 for paralegals); *In re Viropharma Inc., Sec. Litig.*, No. 12-cv-2714, 2016 WL 312108, at *18 (E.D. Pa. Jan. 25, 2016) (“The hourly billing rates of all of Plaintiff’s Counsel range from \$610 to \$925 for partners, \$475 to \$750 for of counsels, and \$350 to \$700 for other attorneys.”); *In re MacBook Keyboard Litig.*, 5:18-CV-02813-EJD, 2023 WL 3688452, at *15 (N.D. Cal. May 25, 2023); *Fleming v. Impax Lab’ys Inc.*, No. 16-CV-06557-HSG, 2022 WL 2789496, at *9 (N.D. Cal. July 15, 2022) (hourly rates range from \$760 to \$1,325 for partners, \$895 to \$1,150 for counsel, and \$175 to \$520 for associates).

Likewise, the amount of time devoted to this matter was reasonable, given the complex legal and factual issues and the number of plaintiffs. According to their billing records, Class Counsel has collectively devoted 3,942.60 hours of attorney and litigation support time to this matter, for a total of \$3,364,090.50. *See* Schneider Decl. at ¶ 16; Schwartz Decl. at ¶ 4; Lechtzin Decl. at ¶ 21; Silver Decl. at ¶ 13.

The lodestar cross-check analysis of the requested 15% fee awards of \$6.75 million yields a lodestar multiplier of 2.0, which is well below the typical multiplier approved by this Court. *See, e.g., Thorpe*, 2016 WL 10518902, at *7 (finding a lodestar multiplier of 3.58 was “well within the range previously accepted in this district”); *Pinto v. Princess Cruise lines Ltd.*, 513 F. Supp. 2d

1334, 1344 (S.D. Fla. 2007) (explaining that multipliers “in large and complicated class actions range from 2.26 to 4.5 . . . three appears to be the average”) (internal quotations omitted).

Thus, the lodestar method confirms the reasonableness of the 15% fee award.

IV. CONCLUSION

In accordance with the terms of the Settlement Agreement, Class Counsel respectfully request that the Court approve the Attorneys’ Fund in the amount of \$6,750,000.

Local Rule 7.1 Certification of Counsel

Pursuant to Local Rule 7.1, undersigned counsel has conferred with counsel for the SEC and the Receiver. The Receiver supports the relief sought herein. The SEC takes no position on the settlement or the Attorneys’ Fund.

Dated: May 16, 2024

Respectfully submitted,

By: /s/ Jeffrey C. Schneider
Jeffrey C. Schneider
Fla. Bar No. 933244
Jason Kellogg
Fla. Bar No. 0578401
Victoria J. Wilson
Fla. Bar No. 92157
LEVINE KELLOGG LEHMAN
SCHNEIDER + GROSSMAN LLP
Miami Tower
100 SE 2nd Street, 36th Floor
Miami, FL 33131
Telephone: (305) 403-8788
jcs@lklsg.com
jk@lklsg.com
vjw@lklsg.com

Eric Lechtzin
Marc H. Edelson
EDELSON LECHTZIN LLP
411 S State Street, Suite N-300
Newtown, PA 18940
Telephone: (215) 867-2399
Facsimile: (267) 685-0676
Email: elechtzin@edelson-law.com
Email: medelson@edelson-law.com

Robert J. Kriner, Jr.
Scott M. Tucker
CHIMICLES SCHWARTZ KRINER &
DONALDSON-SMITH LLP
222 Delaware Avenue, Suite 1100
Wilmington, DE 19801
Tel.: 302-656-2500
Fax: 302-656-9053
rjk@chimicles.com
ScottTucker@chimicles.com

and

Steven A. Schwartz
CHIMICLES SCHWARTZ KRINER &
DONALDSON-SMITH LLP
361 West Lancaster Avenue
Haverford, PA 19041
Tel.: 610-642-8500
Fax: 610-649-3633
steveschwartz@chimicles.com

Scott L. Silver
Fla. Bar No. 95613
SILVER LAW GROUP
11780 W. Sample Road
Coral Springs, FL 33065
Tel.: 954-755-4799
Fax: 954-755-4684
ssilver@silverlaw.com

CERTIFICATE OF SERVICE

I certify that on May 16, 2024, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Jeffrey C. Schneider
Jeffrey C. Schneider

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

DENNIS MELCHIOR, <i>et al.</i>	:	
<i>on behalf of themselves</i>	:	
<i>and all others similarly situated,</i>	:	CIVIL ACTION
Plaintiffs,	:	
	:	
v.	:	
	:	
DEAN VAGNOZZI, <i>et al.</i>	:	No. 20-5562
Defendants.	:	

ORDER

AND NOW, this 14th day of **January 2021**, upon consideration of Plaintiffs’ Motion for Appointment of Interim Co-Lead Class Counsel Pursuant to Federal Rule of Civil Procedure 23(g), and following a conference call with one member from each firm proposed as Interim Co-Lead Class Counsel asking questions pertinent to the Motion, the Court hereby orders and finds as follows:

1. The Motion (Document No. 48) is **GRANTED**.
2. The Court appoints Eric Lechtzin and Marc H. Edelson of Edelson Lechtzin LLP, Steven A. Schwartz, Robert J. Kriner, Jr., Scott M. Tucker and Tiffany J. Cramer of Chimicles Schwartz Kriner & Donaldson-Smith LLP, and Jeffrey C. Schneider, Jason Kellogg and Victoria J. Wilson of Levine Kellogg Lehman Schneider + Grossman LLP as Interim Co-Lead Class Counsel to act on behalf of the Plaintiffs and the putative Classes. The Court finds that Interim Co-Lead Class Counsel is competent and has adequate resources to fairly and adequately represent Plaintiffs and the putative Classes.
3. The Court hereby creates a Plaintiffs’ Executive Committee to operate under the

direction of Interim Co-Lead Class Counsel on behalf of the putative Classes and appoints Scott L. Silver of Silver Law Group as Interim Chair of the Executive Committee. The Executive Committee will do all work at the direction of Interim Co-Lead Class Counsel.

4. The Interim Co-Lead Class Counsel have agreed amongst themselves to act according to the terms set forth below, and the Court incorporates that agreement into this Order as follows.

INTERIM CLASS COUNSEL’S RESPONSIBILITIES

5. Interim Co-Lead Class Counsel will act on behalf of the Plaintiffs and the putative Classes with the responsibilities set forth below:
 - a. Determine and present (in briefs, oral argument, or such other fashion as may be appropriate, personally or by a designee) to the Court and opposing parties the position of the Plaintiffs on all matters arising during pretrial proceedings;
 - b. Coordinate the initiation and conduct of discovery on behalf of Plaintiffs and the putative Classes consistent with the requirements of the Federal Rules of Civil Procedure;
 - c. Convene meetings amongst counsel;
 - d. Conduct settlement negotiations on behalf of Plaintiffs and the putative Classes;
 - e. Delegate specific tasks to the Plaintiffs’ Executive Committee and other counsel in a manner to ensure that pretrial preparation for Plaintiffs and the putative Classes is conducted efficiently and effectively;

- f. Negotiate and enter into stipulations with opposing counsel as necessary for the conduct and efficient advancement of the litigation;
- g. Monitor the activities of all counsel to ensure that schedules are being met and unnecessary expenditures of time and funds are avoided;
- h. Perform such other duties as may be incidental to the proper coordination of Plaintiffs' pretrial activities or authorized by further order of this Court;
- i. Serve as the primary contact for communications between the Court and other plaintiffs' counsel;
- j. Ensure that all notices, orders, and material communications are properly distributed (to the extent that they are not otherwise served on Plaintiffs' counsel via the Court's electronic filing system);
- k. Communicate with defense counsel as necessary to promote the efficient advancement of this litigation; and
- l. Make available to other plaintiffs' counsel documents produced by the defendant.

INTERIM CLASS COUNSEL'S TIME AND EXPENSE RECORDS

General Standards

- 6. Interim Class Counsel and members of the Executive Committee must comply with the following protocol for reporting time and expenses.
- 7. Time and expense reports generated pursuant to this Order will be considered as submitting counsel's representation to the Court, under oath, that the time and expenses submitted meet the criteria set forth below.
- 8. The recovery of attorneys' fees and expense reimbursements will be limited to Edelson

Lechtzin LLP, Chemicles Schwartz Kriner & Donaldson-Smith LLP, Levine Kellogg Lehman Schneider + Grossman LLP and Silver Law Group attorneys and professional staff and such other counsel—including contract attorneys—as are authorized by the Court to work under their direction (together, “class counsel”).

9. Interim co-lead class counsel must apply to the Court for authorization to retain additional plaintiffs’ counsel, including contract attorneys. Interim co-lead class counsel may not add additional plaintiffs’ counsel to this case absent advanced authorization of the Court.
10. Only non-duplicative time and expenses authorized by class counsel that advance the litigation will be considered compensable.

Time Reporting

11. All time shall be maintained in tenth-of-an-hour increments. Time entries not maintained in tenth-of-an-hour increments may be disallowed.
12. All attorneys and staff working on this case will keep contemporaneous records of their time spent in connection with the work on this litigation, indicating the amount of time spent, the particular activity, and their position in the firm (Partner, Of Counsel, Senior Counsel, Associate, Staff Attorney, Law Clerk, Paralegal, Legal Assistant, or Contract Attorney). “Contemporaneous” means that an individual’s time spent on a particular activity should be recorded no later than seven days after that activity occurred. Full descriptions of the work performed are required. Time entries that are not sufficiently detailed will not be considered for payment. Closely related tasks may be billed in a single entry but length block billed entries are not accepted.
13. Class counsel will maintain their time records in an electronic database. Failure to

maintain detailed time and expense records or to provide a sufficient description of the activities performed will be grounds for denying the recovery of attorneys' fees or expenses in whole or in part.

14. Time records must report the billing rates for each individual listed. Current hourly rates are to be used in calculating time. Billing rates may be adjusted at the conclusion of the matter dependent on uniform or local rates given relative years of experience to ensure the rate change reflects the value added.
15. Contract attorneys (e.g., temporary attorneys who are paid hourly) may be hired by class counsel. It is the responsibility of class counsel to ensure that all contract attorney work is performed in an efficient manner. Contract attorneys should be billed at rates reasonable for the type of work performed and the experience of the individual.
16. Only time spent on matters that advance the litigation will be considered in determining fees. Class counsel will be responsible for auditing time and expense records for compliance with the directives set forth in this Order. Edelson Lechtzin LLP, Chimicles Schwartz Kriner & Donaldson-Smith LLP, Levine Kellogg Lehman Schneider + Grossman LLP and Silver Law Group will each designate one attorney to periodically review and approve timekeeping and bills each month and strike any duplicative or unreasonable fees and costs.
17. Class counsel's auditing responsibilities notwithstanding, the ultimate determination of what is compensable work, and the extent or rate at which it is compensable, is within the purview of the Court.

Compensable Time

18. Compensable work done on behalf of the putative class may include, but is not limited

to:

- fact investigation and factual and legal research;
- preparation of research memoranda, pleadings and briefs;
- conducting document discovery (e.g., reviewing, indexing, and coding documents);
- preparation for and attendance at depositions;
- preparation of and responding to discovery requests;
- preparation for and attendance at hearings;
- preparation for and attendance at meetings with defense counsel or with co-counsel;
- work with clients;
- work with experts;
- settlement and settlement negotiations and related activities;
- appellate work;
- trial preparation and trial; and
- performance of administrative matters specifically related to tasks undertaken for the benefit of the class.

19. Compensable work does not include:

- excessive time for a particular task;
- work performed by a person more senior than necessary for the task;
- duplicative time;
- "read and review" time (e.g. billing time for reading every document filed on the court's docket regardless of whether it related to the individual's responsibilities) unless specifically related to a billable task;

- time for which descriptions are missing or incomplete; and
- internal firm time for firm management.

Expense Reporting

20. Class counsel is entirely self-funded for this matter. If that changes, class counsel will report the change to the Court within 14 days.

21. All costs and expenses in this case will be advanced by Edelson Lechtzin LLP, Chimicles Schwartz Kriner & Donaldson-Smith LLP, Levine Kellogg Lehman Schneider + Grossman LLP and Silver Law Group. Class counsel will seek reimbursement of these costs and expenses following a judgment or settlement.

Expenses

22. To be eligible for reimbursement, expenses must meet the requirements of this section.

Expenses must be:

- appropriately authorized by class counsel;
- timely submitted;
- reasonable in amount; and
- supported by adequate documentation.

23. Reimbursable expenses include:

- costs related to obtaining, reviewing, indexing, and paying for hardcopies of computerized images of documents;
- Legal research (e.g., LEXIS, Westlaw, or PACER charges);
- Deposition, court reporter, and transcript costs;
- costs for the electronic storage, retrieval, and searches of ESI;
- Court, filing, and service costs;

- group administration matters, such as meetings and conference calls;
- reasonable travel expenses including lodging and meals;
- expert witness and consultant fees and related expenses;
- investigator fees and related expenses;
- printing, copying, coding, and scanning;
- telephone, postage charges, and courier charges;
- data and materials provided by outside third-party vendors, consultants and attorneys;
- witness expenses, including travel;
- translation costs; and
- bank or financial institution charges.

Expense Limitations

24. Only reasonable expenses will be reimbursed. Except in extraordinary circumstances approved by class counsel, all travel reimbursements are subject to the following limitations:

- Airfare: Only the price of a coach seat for a reasonable itinerary will be reimbursed. Business/First Class Airfare will not be fully reimbursed. If Business Class/First Class Airfare is used, then an estimate of the difference between the Business Class/First Class Airfare and coach fare must be shown on the travel reimbursement form, and only the coach fare will be reimbursed.
- Hotel: Hotel room charges for the average available room rate of a business hotel, such as the Hyatt, Westin, and Marriott hotels, in the city in which the stay occurred will be reimbursed. Unless a special discounted rate is negotiated, luxury hotels

will not be fully reimbursed but will be reimbursed at the average available rate of a business hotel.

- Meals: Meal expenses must be reasonable. Meal expense submissions must be supported by receipts or credit card statements that reflect the date and those partaking in the meal.
- Cash Expenses: Miscellaneous cash expenses for which receipts generally are not available (tips, luggage handling, short taxi rides etc.) will be reimbursed up to \$50.00 per day, as long as the expenses are properly itemized.
- Rental Automobiles: Luxury automobile rentals will not be reimbursed. If luxury automobiles are selected when non-luxury vehicles are available, then the difference between the luxury and non-luxury vehicle rates must be shown on the travel reimbursement form, and only the non-luxury rate may be claimed, unless such larger sized vehicle is needed to accommodate several people.
- Mileage: Mileage claims must be documented by stating origination point, destination, total actual miles for each trip, and the rate per mile paid by the member's firm. The maximum allowable rate will be the maximum rate allowed by the IRS (currently \$0.545 per mile).
- Parking: Parking will be limited to actual documented costs.

25. Other non-travel expenses will be limited as follows:

- Long Distance and Cellular Telephone: Long distance and cellular telephone charges must be documented.
- Shipping, Courier, and Delivery Charges: All such claimed expenses must be documented.

- Postage Charges: A contemporaneous postage log or other supporting documentation must be maintained. Postage charges are to be reported at actual cost.
- Telefax Charges: Contemporaneous records should be maintained and submitted showing faxes sent and received. The per-fax charge shall not exceed \$1.00 per page.
- In-House Photocopy: A contemporaneous photocopy log or other supporting documentation must be maintained. The maximum copy charge is \$0.30 per page.
- Computerized Research: Claims for LEXIS, Westlaw, PACER, and other computerized legal research expenses should be in the exact amount charged to the firm for these research services.

Verification of Expenses

26. Attorneys and staff must keep receipts for all expenses. Credit card receipts or monthly credit card statements are an appropriate form of verification. Hotel and restaurant costs must be supported by credit card statements, hotel invoice or restaurant bill. The description of unclaimed expenses on the statement or invoice may be redacted. Receipts need not be submitted on a monthly basis, but shall be maintained by the attorneys and may be required later as a condition of payment.

EXCHANGING TIME AND EXPENSE REPORTS

Timing of Exchange

27. Edelson Lechtzin LLP, Chimicles Schwartz Kriner & Donaldson-Smith LLP, Levine Kellogg Lehman Schneider + Grossman LLP and Silver Law Group will exchange time and expense reports on a quarterly basis. Time and expense reports will be exchanged

no later than the fifteenth day of the month following the end of the month being reported. For example, June reports are due no later than July 15.

28. Edelson Lechtzin LLP will be responsible for collecting and preserving, in an electronic format, both firms' monthly reports.
29. Any time and expense records submitted more than three months in arrears may not be considered or included in any compilation of time or expense calculation and may be disallowed, except for good cause shown and with Court approval.

Content of Exchanged Reports

30. Each time and expense report submission must include a monthly summary of time spent and fees accrued in the form of Attachment A, and a summary of monthly expenses in the form of Attachment B.
31. Unless otherwise ordered by the Court upon a showing of good cause, this Order shall apply to any action filed in, transferred to, or removed to this Court which relates to the subject matter at issue in this case.

BY THE COURT:

/s/ Berle M. Schiller
Berle M. Schiller, J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 20-cv-81205-RUIZ

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

DECLARATION OF JEFFREY C. SCHNEIDER

1. I submit this declaration based on my own personal knowledge of the facts stated in this declaration and a review of the books and records of Levine Kellogg Lehman Schneider + Grossman LLP (“LKLSG”).

2. I am the managing partner of LKLSG, which is co-counsel¹ to a group of putative class plaintiffs who were victims of the fraudulent scheme (the “Putative Class Plaintiffs”). I am an attorney duly licensed to practice law in the State of Florida and have been practicing law in the area of commercial litigation since 1992. My areas of expertise are receiverships, receivership litigation, and class action litigation, particularly in connection with receiverships.

3. I submit this declaration in support of the Motion to Approve Attorneys’ Fund, which follows a Settlement with Putative Class Plaintiffs and Ryan K. Stumphauzer, as Court-

¹ LKLSG’s co-counsel is Chimicles Schwartz Kriner & Donaldson-Smith LLP, Edelson Lechtzin LLP, and Silver Law Group.

Appointed Receiver of the Receivership Entities (the “Receiver”),² on the one hand, and Eckert Seamans Cherin & Mellott, LLC and John Pauciulo, Esq. (collectively, “Eckert Seamans”) on the other hand.

4. The Putative Class Plaintiffs retained LKLSG and its co-counsel to pursue claims against Eckert Seamans relating to their role in the fraud.

5. LKLSG investigated these actions, researched the claims against Eckert Seamans relating thereto, and analyzed legal strategies.

6. On November 6, 2020, LKLSG along with its co-counsel commenced a putative class action in the United States District Court for the Eastern District of Pennsylvania captioned *Melchior v. Vagnozzi*, No. 20-cv-05562 (E.D. Pa) (Schiller, J.). That action was preceded by two prior actions: one commenced by Chimicles Schwartz Kriner & Donaldson-Smith LLP and Edelson Lechtzin LLP in the United States District Court for the District of Delaware captioned

² The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding; Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Investment Fund 2 LP; MK Corporate Debt Investment Company LLC; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consultants, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; Liberty Eighth Avenue LLC; The LME 2017 Family Trust; Blue Valley Holdings, LLC; LWP North LLC; 500 Fairmount Avenue, LLC; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, Inc., and the Receivership also includes the properties located at 107 Quayside Dr., Jupiter, FL 33477; and 2413 Roma Drive, Philadelphia, PA 19145.

Caputo v. Vagnozzi, No. 20-cv-01042-UNA (D. Del.), and one commenced by LKLSG and the Silver Law Group in the United States District Court for the Southern District of Florida captioned *Montgomery v. Eckert Seamans Cherin & Mellott*, No. 20-cv-23750-RAR (S.D. Fla.) (Ruiz, J.).

7. LKLSG coordinated all of the class action efforts with the Receiver in order to put maximum pressure on Eckert Seamans of having to address both the class claims and the Receiver's claims. Those efforts culminated in a mediation in New York on June 7, 2023. LKLSG played a major role in the negotiations.

8. In preparing and pursuing the claims against Eckert Seamans, LKLSG and its co-counsel faced numerous difficult and complex legal and factual issues that arise in pursuing claims against third-party professionals who assist or enable a fraudulent scheme, including issues of proving reliance, standing, causation, and knowledge of the fraudulent scheme. While counsel have always felt their cause was just and were ultimately able to achieve a favorable settlement, the outcome of the cases was not certain, and investors would have faced many risks if these matters had proceeded to trial.

SETTLEMENT

9. With a comprehensive understanding of the strengths and weaknesses of the claims gained through extensive investigation, document review, research, and briefing of legal issues, the parties engaged in extensive arm's-length settlement negotiations.

10. On July 7, 2023, LKLSG and its co-counsel, the Receiver, and Eckert Seamans engaged in a full-day mediation under the direction and supervision of JAMs mediator, Robert B. Davidson, in New York. The parties all prepared and exchanged mediation statements in preparation for the mediation which summarized the many documents reviewed as of that time and the application of the "facts" to the legal theories we had advanced. The mediation process

included lengthy, multiparty negotiations involving multiple parties asserting multiple claims in multiple fora and layers of insurance. The mediation ultimately resulted in the parties agreeing to a settlement. The parties engaged in extensive negotiations to finalize a formal Settlement Agreement, which provides a \$45 million “remaining policy limits” recovery.

11. The Settlement Agreement provides for a \$6.75 million Attorneys’ Fund from the settlement from which to compensate LKLSG and its co-counsel, subject to the approval of this Court. The Receiver and Eckert Seamans do not oppose or otherwise object to the application for the award of attorneys’ fees and expenses in those amounts. The creation of the Attorneys’ Fund obviates the need for any investors to compensate LKLSG or its co-counsel from their own funds.

TIME AND EXPENSES

12. In coordination with the Receiver, LKLSG and counsel for the other investor groups were able to achieve the \$45 million settlement with Eckert Seamans after extensive factual investigation and litigation.

13. LKLSG and its co-counsel have done considerable work and dedicated significant resources examining the facts and investigating and pursuing the claims against Eckert Seamans, and achieving the settlement, including:

- a. interviewing investors and witnesses as part of factual development;
- b. reviewing documents provided by investors;
- c. conducting extensive factual research and reviewing voluminous documents, including analyzing the documents related to the sale of the securities at issue, including private placement memoranda, promissory notes, limited partnership agreements, subscription agreements, Form D filings, and the Agent Guide, extensive filings in the SEC Action;

- d. researching potential claims against Eckert Seamans;
- e. preparing complaints and amended complaints, and performing related legal and factual research;
- f. responding to motions to dismiss;
- g. extensively meeting and conferring with opposing counsel regarding discovery disputes;
- h. coordinating and developing legal strategy for the mediation, preparing mediation statements;
- i. attending the mediation at JAMS in New York as well as a mediation session with Dean Vagnozzi, Albert Vagnozzi and Alec Vagnozzi in West Palm Beach, Florida; and
- j. negotiating and preparing the settlement agreements, reviewing and revising drafts of the settlement agreements, the approval orders, and exhibits.

14. These matters required a high degree of skill and experience, given the complexity of the legal and factual issues. LKLSG's attorneys have extensive experience handling complex commercial litigation and receivership-related matters, representing class plaintiffs, mass plaintiffs, creditors, and receivers. LKLSG and its co-counsel maximized the particular strengths and experience of each member of its team to pursue these matters efficiently and effectively. LKLSG's firm resume is attached as **Exhibit A**.

15. LKLSG pursued these matters on behalf of the Putative Class Plaintiffs on a wholly contingent basis, advancing all expenses, and since inception has not been compensated for any of these efforts. *If LKLSG had not been successful, it would not have received any fee and would have lost the out-of-pocket expenses it advanced on behalf of the investors.* By undertaking to

represent investors in complex and sophisticated cases such as these, against a well-funded, deep pocket defendants with outstanding counsel, LKLSG thus assumed a substantial financial risk. It took on two defendants with vast resources necessary to withstand a lengthy legal battle. At inception, it was difficult, if not impossible, to know what results would be obtained, the amount of time that would be involved, the costs necessary to pursue the cases, or the time necessary to obtain a resolution. At inception, LKLSG did not even know whether or not it would be successful. LKLSG nevertheless assumed the risk and even agreed to advance all expenses.

16. These matters represented a significant allotment of resources by LKLSG. LKLSG has expended the following total lodestar through May 1, 2024:

Name	Hours	Hourly Rate	Total Lodestar
Tal Aburos (associate)	7.80	\$500	\$3,900.00
Ana M. Salazar (paralegal)	144.40	\$400	\$57,760.00
Jeff C. Schneider (partner)	601.40	\$1070	\$643,498.00
Jason Kellogg (partner)	306.40	\$930	\$284,952.00
Even L. Kuhl (associate)	26.90	\$500	\$13,450.00
Gabriel Lievano (associate)	30.20	\$500	\$15,100.00
Marcelo Diaz-Cortes (partner)	134.80	\$625	\$84,250.00
Peter J. Sitars (partner)	1.90	\$455	\$864.50
Stephanie R. Traband (partner)	0.60	\$960	\$576.00
Alex G. Strassman (associate)	1.60	\$550	\$880.00
Victoria J. Wilson (partner)	377.00	\$700	\$263,900.00
Benjamin Zavelsky (associate)	7.30	\$430	\$3,139.00
TOTAL:	1,640.30		\$1,372,269.50

17. These lodestar amounts were calculated using the usual and customary billable rates for LKLSG’s attorneys, and these rates are reasonable based on the market rates for complex litigation like this.

18. LKLSG also paid \$52,487.41 in out-of-pocket expenses advanced in conjunction with the cases. LKLSG does not seek reimbursement of the expenses separately from the total fee

award. Stated differently, if awarded the fee, LKLSG will use that fee to first reimburse all expenses advanced.

19. Because the LKLSG attorneys who worked on these cases charge their clients on an hourly basis in the majority of matters, the prosecution of these cases on a contingency fee basis precluded LKLSG from taking other, hourly employment.

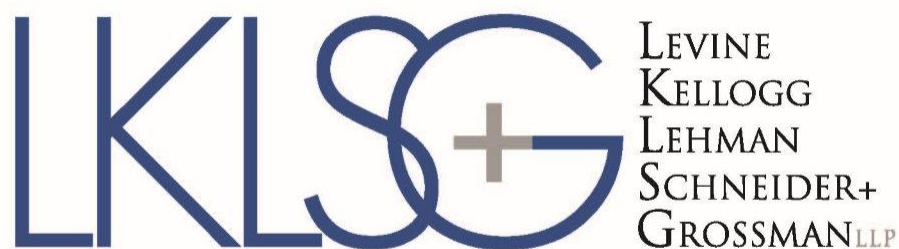
20. LKLSG's representation of the Putative Class Plaintiffs in connection with this case is the first time LKLSG has represented Putative Class Plaintiffs.

21. LKLSG believes that the settlement is extraordinary and deserving of final approval.

I declare under penalty of perjury under the laws of the United States of America, that the foregoing is true and correct, and that this declaration was executed this 15th day of May, 2024, in Miami, Florida.

/s/Jeffrey C. Schneider
JEFFREY C. SCHNEIDER

EXHIBIT A



FIRM RESUME

Miami Tower
100 Southeast Second Street, 36th Floor
Miami, Florida 33131

T: 305.403.8788 | F: 305.403.8789
www.lklsg.com

Our Firm

LKLSG was founded in 2010 on the premise that large, complex matters do not require hordes of lawyers and should not entail the exorbitant cost structure associated with large law firms. We pride ourselves on our passionate team of professionals, our creative and innovative thinking, and the efficiency of our services to solve complex business and financial issues. LKLSG's partners have worked together for several decades, establishing a firm based upon dedication, hard work, collegiality, out-of-the-box thinking, efficiency, and putting our clients first.

The firm has been recognized by the South Florida Legal Guide as a "Top Law Firm" in South Florida. The Firm has received a 5.0 rating from Martindale-Hubbell, which is the highest rating available. Members of LKLSG are honored annually by their peers and clients in *Best Lawyers in America*, *Chambers USA*, *Super Lawyers*, South Florida Legal Guide's *Top Lawyers*, Florida Trend's *Legal Elite*, and by essentially every other attorney rating agency.

Our partners have collectively tried dozens of cases involving financial disputes, class actions, theft of trade secrets, commercial transactions, intellectual property, violations of state and federal securities laws, business torts, fraud, and employment disputes in state and federal courts, bankruptcy courts, and arbitrations.

Our partners Lawrence A. Kellogg, Jason Kellogg and Jeffrey C. Schneider have successfully engaged in class action and mass tort litigation on both the plaintiffs' and defense sides, with the firm achieving more than \$220 million in settlements on behalf of its plaintiff-side clients.

Additionally, founding partners Jeffrey C. Schneider, Lawrence A. Kellogg and David M. Levine have pioneered some of Florida's largest and most publicized federal equity receiverships, whether as receivers or representing receivers, in SEC, CFTC, and FTC proceedings.

Class Action
and Mass Action
Experience

Bautista v. Wells Fargo Bank, N.A.: Co-lead counsel in a putative class action against Wells Fargo Bank in the U.S. District Court for the Southern District of Florida arising out of a Ponzi scheme. Obtained \$26.625 million settlement on behalf of the settlement class.

Direct Lending Investments: Represented over 150 victims of the Direct Lending Investments fraudulent scheme and, together with the receiver and other investor groups, obtained a \$31 million settlement with Deloitte & Touche, LLP, Deloitte Tax LLP, and Deloitte & Touche Cayman Islands.

Belin v. Health Insurance Innovations, Inc.: Lead counsel in RICO class action in U.S. District Court for the Southern District of Florida arising out of healthcare scam. After obtaining an order granting class certification, settled for \$27.5 million on behalf of class.

Mutual Benefits: Putative lead counsel in class action in the U.S. District Court for the Southern District of Florida arising out of the collapse of the Mutual Benefits viatical scheme. Recovered over \$100 million in favor of class, representing a 100% recovery.

Cash 4 Titles: Co-lead counsel in class action against Bank of Bermuda in the U.S. District Court for the Southern District of Florida arising from the collapse of a Ponzi scheme. Net class recovery after settlement was more than \$60 million.

In re Woodbridge Litigation: Represented victims of Ponzi scheme in class action filed against Comerica Bank in the U.S. District Court for the Central District of California. Obtained \$54.5 million class settlement.

Fernandez v. Merrill Lynch: Co-lead counsel in ERISA class action in the U.S. District Court for the Southern District of Florida against Merrill Lynch on behalf of the trustees of 39,000 small business retirement plans. Obtained \$25 million settlement, representing 177% of class members' out-of-pocket losses after the deduction of attorney's fees and costs.

Class Action and Mass Action Experience

Thaxton v. Collins Asset Group: Co-lead counsel in class action in the U.S. District Court for the Northern District of Georgia arising out of a \$23 million investment scheme. Obtained \$15.755 million settlement on behalf of investment victims.

Cash 4 Titles II: Co-lead counsel in class action in the U.S. District Court for the Southern District of Florida against Leadenhall Bank & Trusts arising out of the collapse of a Ponzi scheme. Final judgment in favor of class in the amount of \$325 million. To date, Plaintiffs have recovered more than \$15 million for the Class.

Da Silva Ferreira v. EFG Bank: Co-lead counsel in multidistrict litigation consolidated in the U.S. District Court for the Southern District of New York for a class of Latin American investors against Swiss bank and its Miami-based affiliate arising out of the Madoff Ponzi scheme. Obtained \$7.8 million settlement.

Muscletech Research and Development: Co-lead counsel in defense of a class action against a dietary supplement manufacturer. Denial of class certification affirmed on appeal.

Brain Balance Franchising LLC - lead counsel in defending a class action brought under the Telephone Consumer Protection Act regarding purported “junk faxes.” The Federal District Court denied class certification.

Orion Bank ERISA Litigation - successfully defended former Directors of failed bank in class action brought by shareholders under ERISA in the United States District Court for the Middle District of Florida.

Bouton v. Ocean Properties, Ltd. - successfully obtained summary judgment on behalf of real estate investment company and owner of 14 resorts against FACTA class action in Southern District of Florida.

Also, since 2004, Jason Kellogg has edited the Florida section of the ABA’s annual Class Action Survey, which is published as a supplement to the *Newberg on Class Actions* treatise.

Receivership Experience

As part of the firm's proficiency in litigating complex commercial disputes, LKLSG has extensive experience working with equity receivers. Indeed, founding partner Jeffrey C. Schneider has been appointed receiver on numerous occasions.

Our receivership experience includes:

Jay Peak: Represented federal equity receiver in action brought against Jay Peak principals and Raymond James. Worked in conjunction with lead class counsel, which brought similar claims against the same parties. Recovered \$150 million in favor of class/victims of the receivership estate.

Philip Milton: Appointed by the Commodity Futures Trading Commission to serve as a federal equity receiver in a \$25 million fraud. The action was pending in the U.S. District Court for the Southern District of Florida. Testified at the CFTC's trial on damages, and had recommendations accepted by the District Court Judge.

Trade-LLC: Appointed by the Securities and Exchange Commission to serve as a federal equity receiver. The action was pending in the U.S. District Court for the Southern District of Florida. Brought a number of fraudulent transfer and "claw-back" lawsuits and located, marshalled, secured, seized, and liquidated homes, apartments, cars, jewelry, and other valuables.

Inbound Call Experts: Appointed by the Federal Trade Commission and the Office of the Attorney General to serve as a federal equity receiver. The entities in receivership generated over \$100 million from thousands of consumers. At the time of appointment, Inbound Call employed over 500 employees from two locations in South Florida and provided technical support services in the Philippines, the Dominican Republic, and Honduras. Thereafter appointed as a Federal Monitor for two years to monitor compliance with Permanent Injunction.

Receivership Experience

Troth Solutions, Inc.: Appointed by the Federal Trade Commission and the Office of the Attorney General to serve as a federal equity receiver. The action was filed in the U.S. District Court for the Northern District of Alabama.

PC Help Desk US: Appointed by the Federal Trade Commission and the Office of the Attorney General to serve as a federal equity receiver. The action was filed in the U.S. District for the Northern District of Illinois.

Go Ready Calls Marketing: Appointed by the Office of the Attorney General to serve as state court receiver. Helped to recover over \$7 million from Bank of America Merchant Services, representing a full recovery to all affected consumers.

Learn More Media: Appointed by the Office of the Attorney General to serve as state court receiver. The action is currently pending in Broward County, Florida.

American Precious Metals: Lead trial counsel to the receiver of a precious metals boiler room. The action was filed in the U.S. District Court for the Southern District of Florida. The action was initiated by the Federal Trade Commission.

The Dolce Group: Lead trial counsel to the receiver of a fraudulent boiler room. The action was filed in the U.S. District Court for the Southern District of Florida. The action was initiated by the Federal Trade Commission.

Amante: Lead trial counsel to the receiver of a fraudulent boiler room. The action was filed in the U.S. District Court for the Southern District of Florida. The action was initiated by the Securities and Exchange Commission.

USA Beverages, Inc.: Lead trial counsel to the receiver in an action filed in the U.S. District Court for the Southern District of Florida. The action was initiated by the Federal Trade Commission.

Receivership Experience

Viatical Capital, Inc.: Lead trial counsel to the receiver of Viatical Capital, Inc. and its affiliates arising out of their fraudulent sale of \$59 million in securities. This action was filed in the U.S. District Court for the Middle District of Florida. Helped to return millions of dollars to the defrauded victims.

Ameritel Payphone Distributors, Inc.: Lead trial counsel to the receiver in an action pending in the U.S. District Court for the Southern District of Florida. Worked closely with the Federal Trade Commission and the Assistant United States Attorney, resulting in a criminal conviction against the principal protagonist of the fraud.

Nationwide Connections, Inc.: Lead trial counsel to the receiver in an action pending in the U.S. District Court for the Southern District of Florida. The action was initiated by the Federal Trade Commission.

Medco, Inc.: Lead trial counsel to the receiver in several actions arising out of its fraudulent sale of securities pending in the U.S. District Court for the Southern District of Florida. The Court returned over \$5 million to defrauded investors. Worked closely with the Securities and Exchange Commission and the Assistant United States Attorney, resulting in a criminal conviction against the principal protagonist of the fraud.

Bridgeport and Associates, Inc.: Lead trial counsel to the receiver in several actions arising out of a shut-down of these entities by the Federal Trade Commission pending in the U.S. District Court for the Southern District of Florida.

SunState FX, Inc.: Lead trial counsel to the receiver in several actions arising out of SunState's securities fraud in South Florida pending in the U.S. District Court for the Southern District of Florida. Worked closely with the Securities and Exchange Commission and the Assistant United States Attorney, resulting in a criminal conviction against a principal protagonist of the fraud.

Jeffrey C. Schneider
Founding Partner

Mr. Schneider is an accomplished trial lawyer whose practice focuses on high-stakes business litigation, receiverships, and international arbitration. He is one of the Firm's founding partners and has been the Firm's Managing Partner since its inception. Mr. Schneider also Chairs the Firm's Receivership Practice Group, and he has been trying complex, high-risk, eight-and-nine-figure cases in federal and state trial courts, and in arbitration proceedings, for over twenty-five years. He has worked on some of the largest fraud cases in history, either as lead trial counsel, as receiver, or as counsel to the receiver. Mr. Schneider has also served as receiver in actions brought by the Securities and Exchange Commission, the Federal Trade Commission, the Commodity Futures Trading Commission, and the Office of the Attorney General. He has been appointed by District Court judges in the Northern District of Alabama, the Northern District of Illinois, and the Southern District of Florida, and by state court judges in Miami-Dade, Broward, and Palm Beach counties.



Jason Kellogg
Shareholder

Mr. Kellogg is a partner who practices class action litigation in federal and state trial and appellate courts. He is Co-Chair of the American Bar Association's Class Action and Derivative Suits Committee ("ACADS"), and since 2005 has been an editor of the ABA's annual Survey of State Class Action Law, which is published as a supplement to the *Newberg on Class Actions* treatise. Mr. Kellogg received *Chambers USA* ranking and a Preeminent AV Peer Review Rating from Martindale-

Hubbell.

Victoria J. Wilson
Partner

Ms. Wilson is a partner who focuses her practice on complex commercial litigation. She graduated *summa cum laude* from the University of Miami School of Law, and received the highest score on the July 2011 administration of the Florida Bar Examination, earning her the honor of speaking before the Florida Supreme Court and the Ceremony for Induction of Candidates for Admission to the Florida Bar.



**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 20-cv-81205-RUIZ

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS
GROUP, INC. d/b/a PAR FUNDING, et al.,

Defendants.

_____ /

**DECLARATION OF STEVEN A. SCHWARTZ
IN SUPPORT OF MOTION TO APPROVE ATTORNEYS' FUND**

I, Steven A. Schwartz, declares the following under penalty of perjury.

1. I am a partner in Chimicles Schwartz Kriner & Donaldson-Smith LLP and have served as Co-Lead Counsel for Plaintiffs in this case along with my law partner Scott M. Tucker and former associate Samantha E. Holbrook and submit this declaration based on personal knowledge, and if called to do so, could testify to the matters contained herein.

2. CSKD and its co-counsel have done considerable work and dedicated significant resources examining the facts and investigating and pursuing the claims against Defendants, and achieving the settlement, including:

- a. communicating with class members;
- b. analyzing the documents related to the sale of the securities at issue, including private placement memoranda, promissory notes, limited

- partnership agreements, subscription agreements, Form D filings, and the Agent Guide;
- c. vetting class member claims to determine eligibility to serve as plaintiff in the Action;
 - d. reviewing class member and plaintiff documents and reviewing and editing FOIA requests and the responses thereto;
 - e. conducting extensive factual research, including collecting and reviewing audio and video presentations and advertisements created and disseminated by Defendants, reviewing and digesting the discovery and depositions in the SEC Action and researching public reports and disclosures related to the ABFP investments;
 - f. participating in the research and drafting necessary to prepare the Complaints filed in the District of Delaware and E.D.Pa. and the Amended Complaint in the E.D. Pa., the Opposition to Pauciulo's and Eckert's Motions to Dismiss, Plaintiffs' Rule 23G Motion and related Declarations, and the Motion to Lift the Stay to pursue the claims related to the non-receivership entities against Pauciulo and Eckert Seamans; and
 - g. participating in the mediation process that resulted in the Settlement, including formulating Plaintiffs' settlement position and strategy, analyzing the relevant insurance policies, consulting with an insurance-coverage expert, drafting the mediation statement, participating in the in-person mediation session, and finalizing the settlement papers.
3. Class Counsel are experienced and have a track record of success in high-states

class actions, including recovers and judgments representing the full recover of damages.

Representative cases litigated by Mr. Schwartz include:

- ***In re Philips Recalled CPAP, Bi-Level PAP, And Mechanical Ventilator Products Litigation***, MDL No. 3014 (W.D. Pa.). The Court appointed Mr. Schwartz as Plaintiffs' Co-Lead Counsel in this multi district litigation alleging claims for economic losses, medical monitoring and personal injury in connection with Philips' recall of millions of CPAPs, BiPAPs and ventilators that contained polyester-based polyurethane foam that degrades into particles and emits volatile toxic compounds. The Court granted preliminary approval to a proposed settlement of class members' economic loss claims that, if approved, will require the Philips defendants to pay over \$479 million to class members. Recently, Plaintiffs' attorneys' have reached a \$1.1 billion settlement agreement on behalf of the medical monitoring and personal injury claimants. Philips will pay \$1.075 billion to settlement the personal injury claims and \$25 million for the medical monitoring claims.
- ***Edward Asner v. SAG-AFTRA Health Fund***, No. 20-10914 (C.D. Cal.). Mr. Schwartz serves as Co-Lead Class Counsel in this ERISA case, which challenges the SAG-AFTRA Health Plan Trustees' decision to merge the SAG and AFTRA health plans, their related failures to implement the merger and properly manage the Plan's deteriorating financial condition, their imprudent negotiation of the 2019 and 2020 Commercials, Netflix and TV/Theatrical contracts, and the subsequent decision to eliminate health benefits for senior actors. The parties reached a proposed settlement for \$20.6 million along with substantial non-monetary benefits. See <https://youtu.be/4LgRxJnxI8o> featuring prominent actors supporting the lawsuit.
- ***In re Macbook Keyboard Litigation, No. 5:18-cv-02813 -EJD (N. D. Cal.)***. Schwartz served as Co-Lead Class Counsel in this case alleging that the ultra-thin "butterfly keyboard in Apple MacBooks were defective. Shortly before trial, the case settled for \$50 million. The settlement was recognized as the Number 1 Consumer Fraud Settlement in California for 2022 by TopVerdict.com.
- ***Snitzer v. Board of Trustees of the American Federation of Musicians Pension Plan***, No. 1:17-cv-5361 (S.D.N.Y.). Mr. Schwartz served as Plaintiffs' Lead Counsel in this case which alleged that the Trustees of the AFM Pension Plan made a series of imprudent, overly-aggressive bets by investing an excessive percentage of plan assets in risky asset classes such as emerging markets equities and private equity far beyond the percentage of such investment by other Taft-Hartley pension plans. The cases settled shortly before trial for \$26.85 million plus substantial governance reforms including appointment of a Neutral Independent Fiduciary. The Trustee independent neutral trustee. The \$26.85 million cash recovery represented the vast majority of provable damages that likely could have been won at trial and between about 65% to 75% of the Trustees' available insurance policy limits to pay any final judgment achieved through continued litigation.
- ***In re Cigna-American Specialty Health Administrative Fee Litigation***, No. 2:16-cv-03967-NIQA (E. D. Pa.). Mr. Schwartz served as co-lead counsel in this national class action alleging that defendant Cigna and its subcontractor, ASH, violated the written terms of ERISA medical benefit by treating ASH's administrative fees as medical expenses to artificially inflate the amount of "benefits" owed by plans and the cost-sharing obligations of plan participants and beneficiaries. The Court approved the \$8.25 million settlement in

which class members were automatically mailed checks representing a full or near-full recovery of the actual amount they paid for the administrative fees. ECF 101 at 4, 23-24.

- **Rodman v. Safeway Inc.**, No. 11-3003-JST (N.D. Cal.). Mr. Schwartz served as Plaintiffs' Lead Trial Counsel and presented all of the district court and appellate arguments in this national class action regarding grocery delivery overcharges. He was successful in obtaining a national class certification and a series of summary judgment decisions as to liability and damages resulting in a \$42 million judgment, which represents a full recovery of class members' damages plus interest. The \$42 million judgment was entered shortly after a scheduled trial was postponed due to Safeway's discovery misconduct, which resulted in the district court imposing a \$688,000 sanction against Safeway. The Ninth Circuit affirmed the \$42 million judgment. 2017 U.S. App. LEXIS 14397 (9th Aug. 4, 2017).
- **In re Apple iPhone/iPod Warranty Litig.**, 3:10-1610-RS (N.D. Cal.). Mr. Schwartz served as co-lead counsel in this national class action in which Apple agreed to a \$53 million non-reversionary, cash settlement to resolve claims that it had improperly denied warranty coverage for malfunctioning iPhones due to alleged liquid damage. Class members were automatically mailed settlement checks for more than 117% of the average replacement costs of their iPhones, net of attorneys' fees, which represented an average payment of about \$241.
- **In re Sears, Roebuck & Co. Front-Loading Washer Prods. Liab. Litig.**, No. 06 C 7023, (N.D. Ill.) & Case 1:09-wp-65003-CAB (N. D. Ohio) (MDL No. 2001). Schwartz served as co-lead class counsel in this case which related to defective central control units ("CCUs") in front load washers manufactured by Whirlpool and sold by Sears. After extensive litigation, including two trips to the Seventh Circuit and a trip to the United States Supreme Court challenging the certification of the plaintiff class, he negotiated a settlement shortly before trial that the district court held, after a contested proceeding approval proceeding, provided a "full-value, dollar-for-dollar recovery" that was "as good, if not a better, [a] recovery for Class Members than could have been achieved at trial." 2016 U.S. Dist. LEXIS 25290 at *35 (N.D. Ill. Feb. 29, 2016).
- **Chambers v. Whirlpool Corp., et al.**, Case No.11-1773 FMO (C.D. Cal.). Mr. Schwartz served as co-lead counsel in this national class action involving alleged defects resulting in fires in Whirlpool, Kenmore, and KitchenAid dishwashers. The district court approved a settlement which he negotiated that provides wide-ranging relief to owners of approximately 24 million implicated dishwashers, including a full recovery of out-of-pocket damages for costs to repair or replace dishwashers that suffered Overheating Events. In approving the settlement, Judge Olguin of the Central District of California described Mr. Schwartz as "among the most capable and experienced lawyers in the country in [consumer class actions]." 214 F. Supp. 3d 877, 902 (C.D. Cal. 2016).
- **Wong v. T-Mobile**, 05-cv-73922-NGE-VMM (E.D. Mich.). In this billing overcharge case, Mr. Schwartz served as co-lead class counsel and negotiated a settlement where T-Mobile automatically mailed class members checks representing a 100% net recovery of the overcharges and with all counsel fees paid by T-Mobile in addition to the class members' 100% recovery.
- **In re Certainteed Corp. Roofing Shingle Products Liability Litig.**, No, 07-md-1817-LP (E.D. Pa.). In this MDL case related to defective roof shingles, Mr. Schwartz served as Chair of Plaintiffs' Discovery Committee and worked under the leadership of co-lead class

counsel. The parties reached a settlement that provided class members with a substantial recovery of their out-of-pocket damages and that the district court valued at between \$687 to \$815 million.

- ***Shared Medical Systems 1998 Incentive Compensation Plan Litig.***, Term 2003, No. 0885 (Phila. C.C.P.). In this case on behalf of Siemens employees, after securing national class certification and summary judgment as to liability, on the eve of trial, Mr. Schwartz negotiated a net recovery for class members of the full amount of the incentive compensation sought (over \$10 million) plus counsel fees and expenses. At the final settlement approval hearing, Judge Bernstein remarked that the settlement “should restore anyone’s faith in class action[s]. . . .” Mr. Schwartz served as co-lead counsel in this case and handled all of the arguments and court hearings.
- ***n re Pennsylvania Baycol: Third-Party Payor Litig.***, Sept. Term 2001, No. 001874 (Phila. C.C.P.) (“Baycol”). Mr. Schwartz served as co-lead class counsel in this case brought by health and welfare funds and insurers to recover damages caused by Bayer’s withdrawal of the cholesterol drug Baycol. After extensive litigation, the court certified a nationwide class and granted plaintiffs’ motion for summary judgment as to liability, and on the eve of trial, he negotiated a settlement providing class members with a net recovery that approximated the maximum damages (including pre-judgment interest) that class members suffered. That settlement represented three times the net recovery of Bayer’s voluntary claims process (which AETNA and CIGNA had negotiated and was accepted by many large insurers who opted out of the class early in the litigation).
- ***Wolens v. American Airlines, Inc.*** Schwartz served as plaintiffs’ co-lead counsel in this case involving American Airlines’ retroactive increase in the number of frequent flyer miles needed to claim travel awards. In a landmark decision, the United States Supreme Court held that plaintiffs’ claims were not preempted by the Federal Aviation Act. 513 U.S. 219 (1995). After eleven years of litigation, American Airlines agreed to provide class members with mileage certificates that approximated the full extent of their alleged damages, which the Court, with the assistance of a court-appointed expert and after a contested proceeding, valued at between \$95.6 million and \$141.6 million.
- ***In Re ML Coin Fund Litigation***, (Superior Court of the State of California for the County of Los Angeles). Mr. Schwartz served as plaintiffs’ co-lead counsel and successfully obtained a settlement from defendant Merrill Lynch in excess of \$35 million on behalf of limited partners, which represented a 100% net recovery of their initial investments (at the time of the settlement the partnership assets were virtually worthless due to fraud committed by Merrill’s co-general partner Bruce McNall, who was convicted of bank fraud).
- ***Nelson v. Nationwide***, July Term 1997, No. 00453 (Phila. C.C.P.). Mr. Schwartz served as lead counsel on behalf of a certified class. After securing judgment as to liability in the trial court (34 Pa. D. & C. 4th 1 (1998)), and defeating Nationwide’s Appeal before the Pennsylvania Superior Court, 924 PHL 1998 (Dec. 2, 1998), he negotiated a settlement whereby Nationwide agreed to pay class members approximately 130% of their bills.

Successful cases litigated by Mr. Tucker include:

- ***In re FAST Acquisition Corp. S’holders Litig.***, C.A. No. 2022-0702-PAF (Del. Ch.) (action challenging the winding down of FAST (a special purpose acquisition

company (“SPAC”)) and managements’ decision to retain for itself a termination fee received from a previously terminated business combination. The action settled for \$12.5 million in cash).

- ***In re Madison Square Garden Entertainment Corp. Stockholders Litigation***, Consol. C.A. No. 2021-0468-LWW (Del. Ch.) (action challenging a related party transaction between MSG Networks Inc. and Madison Square Garden Entertainment Corp., which settled for \$48.5 million in cash).
- ***In re Sanchez Derivative Litigation***, C.A. No. 9132-VCG (Del. Ch.) (action challenging a related party transaction between Sanchez Energy Inc. and Sanchez Resources, LLC a privately held company, which settled for roughly \$30 million in cash and assets)
- ***City of Roseville Employees’ Retirement System, et al. v. Ellison, et al.***, C.A. No. 6900-VCP (Del. Ch.) (action challenging the acquisition by Oracle Corporation of Pillar Data Systems, Inc., a company majority-owned and controlled by Larry Ellison, the Chief Executive Officer and controlling shareholder of Oracle, which led to a settlement valued at \$440 million, one of the larger derivative settlements in the history of the Court of Chancery).
- ***In re Genentech, Inc. Shareholder Litigation***, C.A. No. 3911-VCS (Del. Ch.) (action challenging the attempt by Genentech’s controlling stockholder to take Genentech private which resulted in a \$4 billion increase in the offer).
- ***In re J.Crew Group, Inc., Shareholders Litigation.A***. No. 6043-CS (Del. Ch.) (action that challenged the fairness of a going private acquisition of J.Crew by TPG and members of J.Crew’s management which resulted in a settlement fund of \$16 million and structural changes to the go-shop process, including an extension of the go-shop process, elimination of the buyer’s informational and matching rights and requirement that the transaction be approved by a majority of the unaffiliated shareholders).
- ***In re Kinder Morgan, Inc. Shareholders Litigation***, C.A. No. 06-C-801 (Kan.) (action challenging the management led buyout of Kinder Morgan Inc., which settled for \$200 million).

Cases in which substantial assistance was provided by Ms. Holbrook:

- ***Suarez v. Nissan North America***, No. 3:21-cv-00393 (M.D. Tenn.) (appointed lead class counsel in a consumer class action alleging defective headlamps in Nissan Altima vehicles which reached a settlement valued at over \$50 million that provides reimbursements, free repairs, and an extended warranty);
- ***Kostka v. Dickey’s Barbecue Restaurants, Inc.***, No. 3:20-cv-03424-K (N.D. Tex.) (appointed as additional interim class counsel on behalf of consumers whose sensitive payment card information was exposed in a data breach at Dickey’s restaurant chains);
- ***In re Wawa, Inc. Data Security Litig.***, No. 2:19-cv-06019-GEKP (E.D. Pa.) (achieved \$12 million settlement on behalf of consumers whose sensitive payment card information was exposed to criminals as part of a highly-publicized data breach);
- ***Lacher et al v. Aramark Corp.***, 2:19-cv-00687 (E.D. Pa. 2019) (represented a class of Aramark’s current and former managers alleging that Aramark breached its employment contracts by failing to pay bonuses and restricted stock unit compensation to managers

nationwide);

- **Turner v. Sony Interactive Entertainment LLC**, No. 4:21-cv-02454-DMR (N.D. Cal.) (class action lawsuit alleging that Sony’s PlayStation 5 DualSense Controller suffers from a “drift defect” that results in character or gameplay moving on the screen without user command or manual operation of the controller thereby compromising its core functionality);
- **Board of Trustees of the AFTRA Retirement Fund, et al. v. JPMorgan Chase Bank, N.A.**, 09-CV-686 (SAS), 2012 WL 2064907 (S.D.N.Y. June 7, 2012) (approving \$150 million settlement); and
- **In re 2008 Fannie Mae ERISA Litigation**, Case No. 09-cv-1350 (S.D.N.Y.) (\$9 million settlement on behalf of participants in the Federal National Mortgage Association Employee Stock Ownership Plan).

4. My firm dedicated 991.10 hours to prosecuting this case on behalf of Plaintiffs and the class from inception through February 29, 2024, resulting in a lodestar of \$778,178.00. Attached as Exhibit 1 is a summary of the number of hours worked by each professional of my firm, along with their current rate and resulting lodestar. Detailed contemporaneously-maintained time records supporting the information in these charts are available and will be submitted if requested by the Court.

5. My firm advanced a variety of expenses, all of which were reasonable and necessary in furtherance of the prosecution of class members’ claims and have not yet been reimbursed, totaling \$15,369.70. A chart itemizing those expenses is attached as Exhibit 2. They are reflected in the books and records of my firm, which are prepared from expense vouchers, check records, invoices, and other source materials, copies of which will be made upon the Court’s request.

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

Executed this 7th day of May, 2024, in Berwyn, Pennsylvania.

/s/ Steven A. Schwartz

Steven A. Schwartz

EXHIBIT 1

Melchior, et al. v. Vagnozzi, et al.

LODESTAR REPORT

FIRM NAME: CHIMICLES SCHWARTZ KRINER & DONALDSON-SMITH LLP

REPORTING PERIOD: INCEPTION TO FEBRUARY 29, 2024

NAME	STATUS*	HOURLY RATE	HOURS	LODESTAR
Nicholas E. Chimicles	P	\$1,350.00	1.70	\$2,295.00
Robert J. Kriner, Jr.	P	\$1,300.00	17.90	\$23,270.00
Steven A. Schwartz	P	\$1,300.00	105.60	\$137,280.00
Scott M. Tucker	P	\$1,000.00	351.70	\$351,700.00
Alex M. Kashurba	A	\$850.00	2.70	\$2,295.00
Benjamin F. Johns	FP	\$850.00	1.60	\$1,360.00
Samantha E. Holbrook	FA	\$775.00	27.50	\$21,312.50
Tiffany J. Cramer	FOC	\$700.00	131.90	\$92,330.00
Zachary P. Beatty	A	\$700.00	19.60	\$13,720.00
Juliana Del Pesco	A	\$675.00	0.50	\$337.50
Emily L. Skaug	FA	\$425.00	188.00	\$79,900.00
David W. Birch	FIT	\$400.00	0.40	\$160.00
Elsayed Eladydamony (Sayed)	IC	\$400.00	61.50	\$24,600.00
W. Kennedy Comer	IC	\$400.00	42.20	\$16,880.00
Justin P. Boyer	PL	\$350.00	0.40	\$140.00
W. Kennedy Comer	LC	\$280.00	37.60	\$10,528.00
Corneliu P. Mastraghin	FPL	\$250.00	0.20	\$50.00
Madeline C. Landry	FPL	\$200.00	0.10	\$20.00
TOTALS			991.10	\$778,178.00

P = Partner

FP = Former Partner

FOC = Former Of Counsel

A = Associate

FA = Former Associate

IC = Independent Contractor

FIT = Former Info. Tech.

PL = Paralegal

FPL = Former Paralegal

EXHIBIT 2

Melchior, et al. v. Vagnozzi, et al.

EXPENSE REPORT

FIRM NAME: CHIMICLES SCHWARTZ KRINER &

REPORTING PERIOD: INCEPTION TO FEBRUARY 29, 2024

CATEGORY NAME	TOTAL EXPENSES
Mediation Fees	\$5,000.00
Travel Expenses	\$2,861.98
Non-Testifying Consultants	\$1,592.33
Computer Research	\$1,512.85
Subpoena Service	\$1,491.36
Photocopies - Inhouse	\$1,465.00
Filing Fees	\$1,398.00
Courier Mail	\$29.33
Postage	\$18.85
TOTALS	\$15,369.70

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS
SOLUTIONS GROUP, INC. d/b/a
PAR FUNDING, *et al.*,

Defendants.

CASE NO. 20-CV-81205-RAR

**DECLARATION OF ERIC LECHTZIN IN SUPPORT OF
PLAINTIFFS' MOTION FOR AWARDS OF ATTORNEYS' FEES**

I, Eric Lechtzin, declare under penalty of perjury of the laws of the United States as follows:

1. I submit this declaration in support of Plaintiffs' Motion for Awards of Attorneys' Fees and Expenses in the above-captioned action. I am a Managing Partner at the Law Firm of Edelson Lechtzin LLP. I am a member in good standing of the Bars of the State of California, the State of New Jersey, and the Commonwealth of Pennsylvania. I am admitted *pro hac vice* in this case.

Edelson Lechtzin LLP's Experience and Qualifications

2. Prior to forming Edelson Lechtzin LLP in May 2020, I was a Shareholder at Berger Montague PC, in Philadelphia, Pennsylvania, where my practice focused on securities fraud, ERISA, and consumer protection class action

litigation. I have served as the Pennsylvania State Chair for the National Association of Consumer Advocates since 2017. My achievements have been recognized by Pennsylvania “Super Lawyers” for Class and Mass Tort Litigation every year since 2017, and I am rated “AV Preeminent” by Martindale-Hubbell.

3. The attached **Exhibit A** is a true and correct copy of Edelson Lechtzin LLP’s firm resume.

4. In the area of securities fraud, Edelson Lechtzin LLP was counsel in a shareholder derivative action on behalf of shareholders of FirstEnergy Corporation captioned *Miller v. Michael J. Anderson, et al.*, No.: 5:20-cv-01743 (N.D. Ohio), where the court approved a settlement for \$180 million and corporate governance reforms. The firm also is counsel in *Yun v. Faraday Future Intelligent Electronic Inc.*, No. 2022-0510 (Del. Ch. Ct.) (direct action for breach of fiduciary duties on behalf of a proposed class of investors in a SPAC); *Ouyang v. Star Peak Sponsor LLC*, No. 2024-0302 (Del. Ch. Ct.) (direct claims for breach of fiduciary duties against sponsors of SPAC).

5. Prior to founding Edelson Lechtzin LLP, I litigated many successful securities fraud class actions, including: *In re: Oppenheimer Rochester Funds Group Secs. Litig.*, No. 09-md- 02063-JLK (D. Col.) (settled for \$89.5 million); *In re Transkaryotic Therapies, Inc. Secs. Litig.*, No. 03-CV-10165-RWZ (D. Mass.), (settled for \$50 million after obtaining class certification); *The Eshe Fund Group v.*

Fifth Third Bancorp, No. 1:08-CV-539 (S.D. Ohio) (\$16 million settlement); *In re Hemispherx Biopharma, Inc. Litig.*, 09-CV-5262-PD (E.D. Pa.) (\$3.6 million settlement); *In re RenaissanceRe Holdings Ltd. Secs. Litig.*, No. 1:05-CV-6764 (S.D.N.Y.) (\$13.5 million settlement); *In re Global Crossing Access Charge Litig.*, No. 04-MD-1630 (S.D.N.Y.) (\$15 million settlement); and *In re Van der Moolen Holding N.V. Secs. Litig.*, No. 1:03-CV-8284 (S.D.N.Y.) (\$8 million settlement).

6. In addition to litigating securities fraud cases, I lead Edelson Lechtzin LLP's ERISA class action practice. The firm's successes in ERISA litigation include the following: *Hundley v. Henry Ford Health System*, No. 2:21-cv-11023-SFC-EAS (E.D. Mich.) (\$5 million settlement – final approval pending); *Gotta v. Stantec Consulting Servs. Inc.*, No. 20-cv-01865-PHX-GMS (D. Ariz. 2024) (\$2 million settlement); *Moler v. Univ. of Maryland Med. Sys.*, No. 1:21-CV-01824 (D. Md.) (\$3.25 million settlement – final approval pending); *Gaines v. BDO USA, LLP*, No. 1:22-cv-01878 (N.D. Ill. 2024) (\$2.25 million settlement – final approval pending); *Parker v. GKN N. Am. Servs., Inc.*, No. 21-cv-12468 (E.D. Mich.) (\$2.95 million settlement – preliminary approval pending); *Crawford v. CDI Corporation*, No. 2:20-cv-03317-CFK (E.D. Pa. 2020) (\$1.8 million settlement); *McNeilly v. Spectrum Health System*, No. 1:20-cv-00870-JMB-PJG (W.D. Mich. 2023) (\$6 million settlement); *Davis v. Washington Univ. in St. Louis*, No. 4:17-cv-01641-RLW (E.D. Mo. 2022) (\$7.5 million settlement); *Daugherty v. University of*

Chicago, No. 17-cv-3736 (N.D. Ill. 2018) (\$6.5 million class settlement); *Short v. Brown University*, No. 17-cv-0318 WES (D.R.I. 2019) (\$3.5 million class settlement); *Bilello v. Estee Lauder Inc.*, No. 1:20-cv-04770 (S.D.N.Y. 2024) (\$975,000 settlement – final approval pending); and *Dover v. Yanfeng US Automotive Interior Systems I LLC*, No. 2:20-cv-11643 (D. Mich. 2023) (\$990,000 settlement). In each of these cases, my firm's then-current rates were approved by the court.

Work Performed By Edelson Lechtzin LLP

7. With respect to the instant litigation, I am the partner in charge of overseeing this case at Edelson Lechtzin LLP. In this role, I began investigating this case in or around May 2020, *i.e.*, shortly after A Better Financial Plan defaulted on its merchant cash advance notes. Notably, our investigation of this matter began nearly three months prior to the filing of the SEC's enforcement action against Par Funding. This investigation accelerated in late July 2020, after the filing of the SEC action, which culminated in the filing of the *Caputo* action in the District of Delaware on August 5, 2020.

8. This investigation included reviewing the publicly available information concerning Dean Vagnozzi, A BetterFinancialPlan.com d/b/a A Better Financial Plan, John W. Pauciulo, Eckert Seamans Cherin & Mellott, LLC, Complete Business Solutions Group, Inc. d/b/a Par Funding, and numerous

unregistered securities offerings from these and other affiliated entities in connection with the facts underlying the claims in the federal class action lawsuit captioned *Melchior v. Vagnozzi*, No. 20-cv-05562 (E.D. Pa).¹ This investigation included interviewing more than 130 investors in merchant cash advance-backed securities sold by Dean Vagnozzi, A Better Financial Plan, and their affiliates, collecting documents from these investors, including private placement memoranda, promissory notes, limited partnership agreements, investors' account statements, SEC filings, marketing and promotional materials, government investigations and regulatory actions against Dean Vagnozzi and A Better Financial Plan, and court documents.

9. Edelson Lechtzin LLP also conducted investigations concerning A Better Financial Plan's and other agent funds' Exchange Notes Offerings, obtaining numerous video and audio files created by Dean Vagnozzi, John Pauciulo and others,

¹ These affiliates included the following: Albert Vagnozzi; Alec Vagnozzi; Shannon Westhead; Jason Zwiebel; Andrew Zuch; Michael Tierney; Paul Terence Kohler; John Myura; ABFP Management Company LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 5, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund 7, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel LLC; ABFP Income Fund 3 Parallel LLC; ABFP Income Fund 4 Parallel LLC; ABFP Income Fund 6 Parallel LLC; ABFP Income Fund 7 Parallel LLC; Spartan Income Fund, LLC; Pisces Income Fund LLC; Capricorn Income Fund I, LLC; Merchant Services Income Fund, LLC; Coventry First LLC; Pillar Life Settlement Fund I, L.P.; Pillar II Life Settlement Fund, L.P.; Pillar 3 Life Settlement Fund, L.P.; Pillar 4 Life Settlement Fund, L.P.; Pillar 5 Life Settlement Fund, L.P.; Pillar 6 Life Settlement Fund, L.P.; Pillar 7 Life Settlement Fund, L.P.; Pillar 8 Life Settlement Fund, L.P.; Atrium Legal Capital, LLC; Atrium Legal Capital 2, LLC; Atrium Legal Capital 3, LLC; Atrium Legal Capital 4, LLC; Fallcatcher, Inc.; Promed Investment Co., L.P.; and Woodland Falls Investment Fund, LLC.

and having certain videos and radio ads transcribed by a court reporter so that they could be incorporated in the class action complaint in *Melchior v. Vagnozzi*, which was filed in the U.S. District Court for the Eastern District of Pennsylvania in November 2020.

10. In addition to our investigation of the various merchant cash advance investments, we also investigated the Pillar life settlement funds, Fallcatcher, Atrium Legal Capital, ProMed Investment Co., Woodland Falls Investment Fund, and virtually every other investment sold by Vagnozzi and his associates, which included obtaining documents by subpoena from CamaPlan and other A Better Financial Plan affiliated entities. Additionally, we conducted several interviews of Vagnozzi via Zoom.

11. Edelson Lechtzin LLP's continuing investigation of A Better Financial Plan, Vagnoizzi, and Par Funding included serving requests for information materials to various securities and banking regulators pursuant to the Freedom of Information Act and similar state laws, including the SEC, the Texas Securities Board, and the Pennsylvania Department of Banking and Securities. These requests were followed by numerous administrative appeals, and the eventual receipt of documents from Texas and Pennsylvania regulators.

12. Throughout the settlement negotiations, I regularly communicated with my clients to assure that they would be able to provide authorization and approval of the Settlement on a fully informed basis.

13. Edelson Lechtzin LLP attorneys researched and drafted a motion pursuant to Fed. R. Civ. P. 23(g), the oppositions to the motions to stay and the motions to dismiss in the E.D. Pa. action, moving to lift the stay of litigation, and related filings.

14. Beginning in or around July 2021, I began working with federal agents from the FDIC-OIG, and the FBI office concerning criminal investigations of the Par Funding and A Better Financial Plan Defendants. This included providing extensive documents from our clients and promotional videos created by Defendants Vagnozzi and Pauciulo.

15. Throughout this litigation, we have regularly disseminated emailed status reports to our 130 clients and handled a steady stream of phone calls from clients and hundreds of other merchant cash advance investors seeking information about the status of the class actions and the Receivership, as well as the Par Funding claims process.

16. Edelson Lechtzin LLP prepared for and attended the mediation at JAMS in New York as well as a mediation session with Dean Vagnozzi, Albert

Vagnozzi and Alec Vagnozzi in West Palm Beach, Florida. Additionally, we have reviewed and edited the settlement papers.

The Proposed Settlement Is Fair, Reasonable, And Adequate

17. As Counsel for Plaintiffs, I agreed to the proposed Settlement with an understanding of the strengths and weaknesses of Plaintiffs' claims. This understanding is based on: (1) the Rule 12(b)(6) motion practice undertaken by the Parties; (2) investigation and research including a review of publicly available information concerning the A Better Financial Plan and related entities; (3) the likelihood that Plaintiffs would prevail on their claims; (4) the range of possible recovery; (5) the substantial complexity, expense, and duration of litigation necessary to prosecute this action through trial, post-trial motions, and likely appeals, and the significant uncertainties in predicting the outcome of such complex litigation; and (6) Defendants' determination to fight and contest every aspect of the case. Having undertaken this analysis, I have concluded that the Settlement is fair, reasonable, and adequate, and should be presented to the Court for approval.

18. If the Settlement is not approved, a substantial amount of work will need to be completed, including completion of fact and expert discovery, class certification, dispositive motion practice, designation of witnesses and exhibits, preparation of pre-trial memoranda and proposed findings of fact and conclusions of

law, presentation of witnesses and evidence at trial, and, depending on the trial court’s ruling on the merits, briefing of the losing party’s almost-certain appeal.

19. I believe that Plaintiffs’ claims are strong but recognize that those claims are subject to potential defenses and counterarguments.

20. In considering whether to recommend a settlement to Plaintiffs, I primarily considered the strengths and weaknesses of the case without regard to Defendants’ ability to pay the full amount of a greater judgment.

Edelson Lechtzin LLP’s Lodestar and Expenses

21. The hourly fees Edelson Lechtzin LLP typically charges for its attorneys range from \$375 to \$1,100 per hour, which are the same rates that we would charge hourly fee-paying clients.

Reported Hours and Lodestar
Inception through May 6, 2024

Timekeeper	Hours	Rates	Total Lodestar
Eric Lechtzin (P)	722.1	\$1,055	\$761,815.50
Marc Edelson (P)	164.6	\$1,100	\$181,060.00
Liberato Verderame (SC)	1.0	\$800	\$800.00
Andrew Spark (CA)	66.90	\$375	\$25,087.50
Jeff Konis (CA)	80.00	\$375	\$30,000.00
Grand Total	1,034.60	--	\$998,763.00

P = Partner
 SC = Senior Counsel
 A = Associate
 CA = Contract Attorney

22. Edelson Lechtzin LLP has also expended \$21,637.81 in necessary expenses in the litigation of this matter as set forth in detail in the table below:

Expenses Incurred
Inception through May 6, 2024

Expense Category	Amount Incurred
eDiscovery	\$2,192.33
Electronic Research (Westlaw, PACER)	\$2,665.00
Expert & Consultant Fees	\$4,405.50
Mediation (JAMS)	\$6,505.88
Travel	\$4,491.35
DocuSign	\$143.10
Court Reporter/Transcripts	\$715.95
TOTAL EXPENSES	\$21,637.81

23. The expenses that we seek to recover in class action cases are the same types of expenses that we charge hourly fee-paying clients. Class Counsel expects to incur certain additional costs in this case until the settlement proceeds are fully distributed to Class Members.

The foregoing is true and correct to the best of my knowledge and belief.

Executed this 7th day of May 2024, in Newtown, Pennsylvania.

/s/Eric Lechtzin
ERIC LECHTZIN

Exhibit A

Edelson Lechtzin LLP -- Firm Resume

About the Firm

Edelson Lechtzin LLP is a national class action law firm based in suburban Philadelphia. The firm was founded by Managing Partners Marc Edelson and Eric Lechtzin, who have decades of experience litigating class actions and a strong track record of success. They lead a talented team of trial lawyers who possess diverse backgrounds and experience.

The firm represents investors in securities fraud class actions and shareholder derivative litigation. In addition, the firm advocates on behalf of consumers, employees, and businesses in class litigation involving anticompetitive business practices, ERISA retirement plans, unpaid wages & overtime claims, and consumer fraud (including data breach litigation).

Unpaid Wages and Overtime Class Actions

Edelson Lechtzin LLP attorneys have extensive experience litigating complex wage and hour class action lawsuits in courts across the country involving claims under the federal Fair Labor Standards Act (FLSA), and state wage and hour laws. The firm is currently lead or co-counsel in numerous wage and hour cases, including cases involving claims on behalf of coal miners for off-the-clock work under the FLSA and the state laws of Kentucky, Indiana, Illinois, and West Virginia. *See, e.g., Branson v. Alliance Coal, LLC, et al.*, No. 4:19-cv-00155-JHM-HBB (W.D. Kentucky). The firm is also counsel in cases involving the failure to pay prevailing wages, *see, e.g., James King v. Glenn O. Hawbaker, Inc.*, Docket No. 21-0957 (Common Pleas Centre County, Pa.), and independent contractor misclassification. *See, e.g., Avant v. VXL Enterprises LLC, et al.*, No. 4:21-cv-02016-YGR (N.D. Cal.) (\$1.2 million settlement on behalf of healthcare workers who were allegedly misclassified as independent contractors and not paid overtime compensation). Eric Lechtzin heads the wage and hour practice group. The firm's wage and hour successes include *Stewart-Alexander v. Saks & Company LLC, et al.*, No. 3:2021-cv-02384 (C.D. Cal. Nov. 22, 2023), where our attorneys obtained a \$450,000 settlement of claims for unpaid pre- and post-shift security screenings.

Antitrust & Unfair Competition Class Actions

Our experienced team of attorneys is dedicated to protecting the rights of individuals, businesses, and various governmental entities nationwide against companies that engage in anticompetitive practices in class action lawsuits. The firm is currently litigating numerous cases including: *In re Domestic Airline Travel Antitrust Litigation*, No. 1:15-mc-01404 (D. DC), *In re Cattle and Beef Antitrust Litigation*, No. 0:20-cv-01319 (D. NDIL), *In re Broiler Chicken Antitrust Litigation*, No. 1:16-cv-08637 (D. NDIL), *Miami Products & Chemical Co. v. Olin Corp.*, No. 1:19-cv-00385 (D. WDNY), *In re Crop Inputs Antitrust Litigation*, No. 4:21-md-02993 (D. EDMO) (member of the Executive Committee), *In re: Diisocyanates Litigation*, No. 2:18-mc-01001 (D. WDPA), *In re Deutsche Bank Spoofing Litigation*, No. 1:20-cv-03638 (D. NDIL), *Cospro Development Corp. v. International Flavors and Fragrances, Inc, et al.*, No. 2:230cv-03368 (D. NJ), *In re: Generic Pharmaceuticals Pricing Antitrust Litigation*, No. MDL 2724 (D. EDPA), *In re: Google Digital Advertising Antitrust Litigation*, No. 1:21-md-03010 (D. SDNY), *In re: Juul Labs, Inc. Antitrust Litigation*, No. 3:20-cv-02345 (D. NDCA), *In re: Platinum and Palladium*

Antitrust Litigation, No. 1:14-cv-09391 (D. SDNY), *In re: Pork Antitrust Litigation*, No. 0:18-cv-01776 (D. MN), *Mayor and City Council of Baltimore v. Merck Sharp & Dohme Corp.*, No. 2:23-cv-00828 (D. EDPA), and *Powell Prescription Center et al. v. Surescripts, LLC et al.*, No. 1:19-cv-06627 (D. NDIL).

Securities Fraud & Shareholder Derivative Litigation

In the area of securities fraud, Edelson Lechtzin LLP is Co-Lead Counsel in a securities fraud class action lawsuit against A Better Financial Plan and its affiliates, *Melchior v. Dean Vagnozzi, et al.*, No. 2:20-cv-05562 (E.D. Pa.), alleging violations of the federal Racketeer Influenced and Corruption Organizations Act (RICO), and state claims for fraud, breach of fiduciary duties, and civil conspiracy, to recover hundreds of millions of dollars of investments by individuals who were fraudulently induced by Defendants to purchase unregistered securities backed by risky merchant cash advance loans to small businesses.

Edelson Lechtzin LLP was also counsel in a shareholder derivative action on behalf of shareholders of FirstEnergy Corporation, *Miller v. Michael J. Anderson, et al.*, No.: 5:20-cv-01743 (N.D. Ohio), where the court approved a settlement for \$180 million and corporate governance reforms. The suit alleges that the FirstEnergy Board of Directors and certain officers breached their fiduciary duties to the company, were unjustly enriched, wasted corporate assets, and committed various violations of federal securities laws. It is further alleged that the various defendants engaged in a concerted effort to curtail losses from nuclear energy operations managed by a subsidiary in order to keep their positions with the company and to increase their compensation. In furtherance of their scheme Defendants sanctioned the corporate policy of illegal payments to government officials including the Ohio House Speaker, Larry Householder, and other individuals, which resulted in a significant reduction in shareholder value when it was subsequently exposed.

The firm also is counsel in *Yun v. Faraday Future Intelligent Electronic Inc.*, No. 2022-0510 (Del. Ch. Ct.) (direct action for breach of fiduciary duties on behalf of a proposed class of investors in a SPAC), and *Ouyang v. Star Peak Sponsor LLC*, No. 2024-0302 (Del. Ch. Ct.) (direct claims for breach of fiduciary duties against sponsors of SPAC).

Employee Benefits & ERISA Litigation

The firm's successes in ERISA litigation include *Hundley v. Henry Ford Health System*, No. 2:21-cv-11023-SFC-EAS (E.D. Mich.) (\$5 million settlement – final approval pending); *Gotta v. Stantec Consulting Servs. Inc.*, No. CV-20-01865-PHX-GMS (D. Ariz. 2024) (\$2 million settlement); *Moler v. Univ. of Maryland Med. Sys.*, No. 1:21-CV-01824- (D. Md.) (\$3.25 million settlement – final approval pending); *Gaines v. BDO USA, LLP*, No. 1:22-cv-01878 (N.D. Ill. 2024) (\$2.25 million settlement– final approval pending); *Parker v. GKN N. Am. Servs., Inc.*, No. 21-12468 (E.D. Mich.) (\$2.95 million settlement – final approval pending); *Crawford v. CDI Corporation*, No. 2:20-cv-03317-CFK (E.D. Pa. 2020) (\$1.8 million settlement); *McNeilly v. Spectrum Health System*, No. 1:20-cv-00870-JMB-PJG (W.D. Mich. 2023) (\$6 million settlement); *Bilello v. Estee Lauder Inc.*, No. 1:20-cv-04770 (S.D.N.Y. 2024) (\$975,000 settlement – final approval pending); and *Dover v. Yanfeng US Automotive Interior Systems I LLC*, No. 2:20-cv-11643 (D. Mich. 2023) (\$990,000 settlement).

The firm currently serves in leadership positions in numerous ERISA class actions across the country, including *Bugielski v. AT&T Servs., Inc.*, 76 F.4th 894 (9th Cir. 2023) (the court reversed a decision granting summary judgment for AT&T and held that a recordkeeping agreement with Fidelity was a prohibited transaction and, as such, AT&T was required to obtain from Fidelity disclosures of all compensation it received in connection with its provision of services to the Plan, including fees paid by third party service providers Financial Engines and BrokerageLink); *Packer v. Glenn O. Hawbaker, Inc.*, No. 4:21-CV-01747, 2023 WL 3851993, at *2 (M.D. Pa. June 6, 2023) (granting motion to certify a class of hourly wage employees who worked on prevailing wage contracts withing Pennsylvania between 2012 and 2018); *In re The American National Red Cross ERISA Litig.*, Master File No. 1:21-cv-00541 (D.D.C.); and *Luense v. Konica Minolta Business Solutions U.S.A., Inc.*, No. 2:20-cv-06827-JMV-MF (D.N.J.) (motion to dismiss denied in part)

Consumer Fraud Class Action Litigation

In the area of consumer fraud, the firm is actively engaged in protecting the rights of consumers in a variety of matters including defective products and automobiles, failure to honor service agreements and warranties, time share agreements and data breaches. Current cases include: *In re: Harvard Pilgrim Data Security Incident Litigation*, No. 1:23-cv-11211 (D. DMA), *Gutierrez v. Independent Living Systems, LLC*, No. 1:23-cv 21221 (D. SDFL), *Maria Gregory, et al. v. Johns Hopkins University et al.*, No. 1:23-cv-01854 (D. MD), *Humphres, et al. v. Apria Healthcare, LLC*, No. 1:23-cv-01147 (D. SDIN), *Nelson et al. v. Connexin Software, Inc.*, No. 2:27-cv-04676 (D. EDPA) (member of the Executive Committee) and *Renaldo Ellis et al. v. Pension Benefit Information, LLC et al.*, No. 0:23-cv-02139 (D. MN).

Attorney Biographies

Eric Lechtzin is a Managing Partner of Edelson Lechtzin LLP and his practice focuses on securities fraud litigation, ERISA retirement plan class actions, and wage and hour class and collective actions. Mr. Lechtzin received his J.D. from the Temple University Beasley School of Law in 1991. Prior to forming Edelson Lechtzin LLP in early 2020, Mr. Lechtzin was a Shareholder at Berger Montague PC.

Mr. Lechtzin has served as the Pennsylvania State Chair for the National Association of Consumer Advocates since 2017. He has been named a “Super Lawyer” in Pennsylvania for Class and Mass Tort Litigation every year since 2017, he is AV Preeminent rated by Martindale-Hubbell, and he has received a perfect 10.0 rating by Avvo.com.

In the area of securities fraud, Mr. Lechtzin was a member of the litigation team in *In re: Oppenheimer Rochester Funds Group Secs. Litig.*, No. 09-md- 02063-JLK (D. Col.), which settled for \$89.5 million. Mr. Lechtzin served as lead counsel in *In re Transkaryotic Therapies, Inc. Secs. Litig.*, No. 03-CV-10165-RWZ (D. Mass.), which settled for \$50 million after successfully obtaining class certification. Other successful securities fraud class actions in which Mr. Lechtzin had leadership roles include *The Eshe Fund Group v. Fifth Third Bancorp*, No. 1:08-CV-539 (S.D. Ohio) (\$16 million settlement); *In re Hemispherx Biopharma, Inc. Litig.*, 09-

CV-5262-PD (E.D. Pa.) (\$3.6 million settlement); *In re RenaissanceRe Holdings Ltd. Secs. Litig.*, No. 1:05-CV-6764 (S.D.N.Y.) (\$13.5 million settlement); *In re Global Crossing Access Charge Litig.*, No. 04-MD-1630 (S.D.N.Y.) (\$15 million settlement); and *In re Van der Moolen Holding N.V. Secs. Litig.*, No. 1:03-CV-8284 (S.D.N.Y.) (\$8 million settlement).

In the area of ERISA class actions, Mr. Lechtzin co-authored an amicus brief to the U.S. Supreme Court in *Retirement Plans Committee of IBM v. Jander*, 140 S. Ct. 592 (2020), in which he argued successfully that the Court should not alter the standard to plead claims against fiduciaries of an employee stock ownership plans alleging that such fiduciaries should have made earlier public disclosures of adverse insider information. Mr. Lechtzin's successful appeals also include *Bugielski v. AT&T Servs., Inc.*, 76 F.4th 894 (9th Cir. Aug. 4, 2023) (reversing a decision granting summary judgment for AT&T); *Wilcox v. Georgetown Univ.*, 987 F.3d 143 (D.C. Cir. 2021) (Order dismissing the case was vacated by the Court of Appeals and remanded to the District Court). Mr. Lechtzin's successful ERISA cases also include *Daugherty v. Univ. of Chicago*, 2018 WL 1805646 (N.D. Ill. 2018) (\$6.5 million settlement of ERISA claims alleging breach of fiduciary duties by incurring excessive expenses and retaining underperforming funds); and *Nicolas v. The Trustees of Princeton University*, No. 3:17-cv-03695 (D. N.J.) (member of the team that secured a \$5.8 million settlement where plaintiffs alleged that fiduciaries of the 403(b) selected imprudent investments and caused the plan to incur unreasonable recordkeeping fees).

Mr. Lechtzin's successful representations in unpaid wages and overtime cases include *Arrington v. Optimum Healthcare IT*, 2018 WL 5631625 (E.D. Pa. 2018), where the plaintiffs' litigation team obtained a \$4.9 million settlement of class action that alleged failure to pay overtime compensation to IT consultants. In *Meyer v. The LandTek Group, Inc.*, Case No. 2:17-cv-00161-AYS (E.D.N.Y.), Mr. Lechtzin successfully recovered wages for unpaid off-the-clock time on behalf of a group of construction laborers who were "engaged to wait" before their shifts.

Among his successful representations in the area of consumer protection litigation is *Silver v. Fitness Intern., LLC*, No. 10-cv-2326-MMB, 2013 WL 5429293 (E.D. Pa.), a class action against a national health club chain that resulted in substantial changes in the company's membership cancellation policies. Lechtzin was co-lead counsel in *Stromberg v. Ocwen Loan Servicing, LLC*, No. 15-04719, 2017 WL 2686540 (N.D. Cal. 2017), where he represented a group of California borrowers who alleged that certain lenders had failed to timely reconvey the deed of trust documents, as required by Cal. Civ. Code § 2941(b), and ultimately obtained a settlement that paid each member of the class more than 66 percent of their total recoverable damages without the need to submit claim forms.

Mr. Lechtzin is a member of the state bars of California, New Jersey, and Pennsylvania, and he is admitted to practice before numerous federal courts across the country.

Marc H. Edelson is a Managing Partner of Edelson Lechtzin LLP, leading the firm's practices in antitrust law, defective drugs & medical devices, and property insurance litigation. Mr. Edelson received his J.D. from the University of California, Los Angeles School of Law, in 1987 and his B.S. in Economics from the Wharton School of The University of Pennsylvania, cum laude in 1984. He has practiced class action litigation for over 35 years and has been appointed

to leadership roles in many MDL cases. In addition, Mr. Edelson has been named a “Super Lawyer” in Pennsylvania for Class and Mass Tort Litigation.

Mr. Edelson’s MDL experience in pharmaceutical cases includes an appointment in *In re Pharmaceutical Industry Average Wholesale Price Litig.*, MDL No. 1456, as one of the four lead counsel firms. Mr. Edelson was one of the first attorneys to initiate a series of class actions on behalf of end payors against numerous pharmaceutical defendants which were eventually consolidated into MDL 1456. The case involved an in-depth analysis of pharmaceutical pricing and resulted in numerous settlements totaling \$341,000,000.

Additionally, Mr. Edelson served as co-lead counsel in *New England Carpenters Health Benefit Fund v. First DataBank, Inc. and McKesson Corp.*, C.A. No. 05-11148 (D. Mass), and *District 37 Health and Securities Fund v. Medi-Span*, C.A. No. 07-10988 (D. Mass). This case was against pharmaceutical wholesaler McKesson Corporation and pharmaceutical publishers First DataBank and Medi-Span. The case focused on unlawful drug pricing markups of various drugs resulting in overpayments by end payors. The case settled for \$350,000,000 in addition to an agreement to roll back drug prices by five percent (5%) resulting in additional end payor cost savings totaling hundreds of millions of dollars.

Mr. Edelson has also served as co-lead counsel in additional pharmaceutical cases including *In re Ciprofloxacin Hydrochloride Antitrust Litig.*, MDL 1383 (EDNY); *Sandhaus v. Bayer AG*, No. 00-cv-6193 (Kansas State Court); *In re Premarin Antitrust Litigation*, No. 1:01-cv-00447 (SD Ohio), and *Blevins v. Wyeth Ayerst Laboratories, Inc.*, No. 324380 (Superior Court State of California).

Mr. Edelson was appointed one of the co-lead counsel in *In re Western States Wholesale Natural Gas Antitrust Litig.*, MDL 1566 (D Nevada) and *In re HELOC Minimum Payment Calculation Litig.*, No. 15-cv-00267 (EDPA).

Mr. Edelson has served as a member of the Executive Committee in *In re Copper Antitrust Litig.*, MDL 1301 (WD Wisc.); *In re CertainTeed Corp. Roofing Shingle Product Litig.*, MDL 1817 (EDPA); and *In re HP Inkjet Printer Litig.*, No. C053580JF (N.D. Cal.).

Liberato Verderame, a Senior Counsel at Edelson Lechtzin LLP, has practiced extensively in the area of class action litigation for almost 20 years handling a variety of cases involving antitrust, consumer, ERISA and wage and hour issues. He has prosecuted both class action and individual plaintiff’s claims in federal courts nationwide and has litigated successful appeals in both Pennsylvania’s Commonwealth and Superior Courts and New Jersey’s Appellate Division.

Mr. Verderame attended Villanova University (B.A., 1994) and Villanova University School of Law (J.D., 1997). He is admitted to practice in Pennsylvania and New Jersey, and numerous federal courts.

Since joining Edelson Lechtzin LLP and its predecessor in 2005, he has represented plaintiffs in several national class action cases including *In Re: Generic Pharmaceuticals Pricing Antitrust Litigation*, MDL No. 2724 (E.D. Pa.); *Pharmaceutical Industry Average Wholesale Price*

Litigation, MDL No. 1456 (D. Mass.); In re: Fedloan Student Loan Servicing Litigation, MDL No. 18-2833 (E.D. Pa.) (Plaintiffs Steering Committee); *In Re: Refrigerant Compressors Antitrust Litigation*, MDL 2042 (E.D. Mich.); *In Re: Western Areas Wholesale Natural Gas Antitrust Litigation*, MDL-1566 (D. Nev.); *In Re: Yahoo! Litigation*, 06-cv-2737 (C.D. Cal.); *Kent v. Hewlett-Packard Company*, 5:09-cv-05341 (N.D. Cal.); *New England Carpenters Health Benefits Fund v. First Databank, Inc.*, 1:05-cv-11148 (D. Mass.); *OSB Antitrust Litigation*, 06-CV-00826 (E.D. Pa.); and *Leeds v. IKO Manufacturing, Inc.*, No: 2:17-cv-00339 (E.D. Pa.).

Mr. Verderame also represents individual plaintiffs regarding insurance coverage, breach of contract and bad faith claims, personal injury, and other matters. He serves as lead trial counsel and obtained a jury verdict that was the largest insurance coverage claim reported in Pennsylvania in 2016.

Shoshana Savett, a Senior Counsel at Edelson Lechtzin LLP, graduated from Temple University Beasley School of Law in 2003. Prior to joining Edelson Lechtzin, Ms. Savett was Senior Counsel at Berger Montague PC. Ms. Savett has focused on complex litigation throughout her career, representing investors in securities fraud class actions, consumers in class actions involving unlawful and deceptive practices, as well as employees whose wages have been unlawfully withheld, in class and collective actions.

Ms. Savett was selected to Super Lawyers in 2024 and to Super Lawyers Rising Stars for 2014 – 2017.

Among her notable successes, Ms. Savett helped litigate the following cases: *Lee v. Enterprise Leasing Co.-West*, 2015 WL 2345540 (D. Nev. May 15, 2015), and 300 F.R.D. 466 (D. Nev. 2014), and 30 F.Supp.3d 1002 (D. Nev. 2014) (granting plaintiffs' motions for summary judgment, class certification, and approval of settlement where class members received 80% of their alleged damages, in consumer class action alleging overcharges on airport car rentals); and *Hasemann v. Gerber Products Co.*, 331 F.R.D. 239 (E.D.N.Y. 2019) (granting class certification to purchasers of infant formula in New York and Florida, who allege improper market practices).

Ms. Savett is a member of the bars of Pennsylvania and New Jersey.

Sati O. Gibson, an associate of Edelson Lechtzin LLP, received her J.D. from Boston College Law School in 2002 and her B.A. in Politics from Oberlin College in 1999. Ms. Gibson's practice focuses on all aspects of e-discovery in complex litigation.

Previously, Ms. Gibson worked as an attorney for Legal Aid of Southeastern Pennsylvania, where she represented the senior population in consumer protection matters. She also worked at Kessler Topaz Meltzer & Check LLP as a staff attorney focusing on discovery in securities fraud litigation. She has spent the last 10 years focusing on class action litigation including antitrust and unfair competition law.

Ms. Gibson is a member of the bar of the Commonwealth of Pennsylvania and the United States District Court for the Eastern District of Pennsylvania.

Staff Attorneys

In addition to our partners, senior counsel, and associates, Edelson Lechtzin LLP is assisted by a team of staff attorneys who provide extensive litigation support in complex class actions.

[1] See, e.g., DiStefano N., *Facing fraud lawsuit, Montco financial salesman Dean Vagnozzi turns against his longtime lawyer*, The Philadelphia Inquirer (Jun. 28, 2021); Berman, Jeff, *Advisor Known for Unconventional Advice Hit With RICO Suit*, ThinkAdvisor (Nov. 13, 2020); DiStefano, Joseph N., *Investors sue King of Prussia financial adviser Dean Vagnozzi and his lawyer*, The Philadelphia Inquirer (Nov. 10, 2020); and Arvedlund, Erin, *How Philly investors were drawn into what SEC alleges is \$500 million fraud*,” The Philadelphia Inquirer (Aug. 12, 2020).

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS
SOLUTIONS GROUP, INC. d/b/a
PAR FUNDING, *et al.*,

Defendants.

CASE NO. 20-CV-81205-RAR

**DECLARATION OF SCOTT L. SILVER IN SUPPORT OF
PLAINTIFFS' MOTION FOR AWARDS OF ATTORNEYS' FEES**

I, Scott L. Silver, declare under penalty of perjury of the laws of the United States as follows:

1. I submit this declaration in support of Plaintiffs' Motion for Awards of Attorneys' Fees and Expenses in the above-captioned action. I am a Managing Partner at Silver Law Group. I am a member in good standing of the Bars of the State of Florida and the State of New York.

Scott L. Silver's Experience and Qualifications

2. Silver Law Group was formed in or about 2012. I was previously a managing partner in another law firm with a similar practice focus on Plaintiff securities and investment fraud cases, including stockbroker misconduct cases and class action litigation primarily against third-party professionals for aiding Ponzi

schemes. I have served as the Chair of the Securities & Financial Fraud Group and the American Association of Justice (AAJ) since 2014. My achievements have been recognized by Florida “Super Lawyers” for Securities Litigation in multiple years and I am rated “AV Preeminent” by Martindale-Hubbell amongst other accolades.

3. The attached **Exhibit A** is a true and correct copy of Silver Law Group’s firm resume highlighting our firm's experience in this area.

Work Performed By Silver Law Group

4. With respect to the instant litigation, I am the partner in charge of overseeing this case at Silver Law Group. In this role, we began investigating this case in or around early 2020. Our investigation of this matter began prior to the filing of the SEC’s enforcement action against Par Funding after receiving inquiries from investors about their legal rights. This investigation accelerated in late July 2020, after the filing of the SEC action, which culminated in the filing of the instant class action.

5. This investigation included reviewing the publicly available information concerning Dean Vagnozzi, A BetterFinancialPlan.com d/b/a A Better Financial Plan, John W. Pauciulo, Eckert Seamans Cherin & Mellott, LLC, Complete Business Solutions Group, Inc. d/b/a Par Funding, and numerous unregistered securities offering documents from these and other affiliated entities in connection with the facts underlying the claims. This investigation included

interviewing investors in merchant cash advance-backed securities sold by Dean Vagnozzi and others, A Better Financial Plan, and their affiliates, collecting documents from these investors, including private placement memoranda, promissory notes, limited partnership agreements, investors' account statements, SEC filings, marketing and promotional materials, government investigations and regulatory actions against Dean Vagnozzi and A Better Financial Plan, and court documents.

6. In addition to our investigation of the various merchant cash advance investments, we also reviewed and observed multiple court hearings, transcripts, and documents from the SEC's action against Par Funding and others.

7. Throughout this litigation, I have regularly handled a steady stream of phone calls from clients and hundreds of other merchant cash advance investors seeking information about the status of the class actions and the Receivership, as well as the Par Funding claims process. Silver Law Group has participated in multiple strategy calls, reviewed pleadings, and analyzed discovery.

8. Silver Law Group prepared for and attended the mediation at JAMS in New York. Additionally, we have reviewed and edited the settlement papers and other pleadings in this matter.

The Proposed Settlement Is Fair, Reasonable, And Adequate

9. As Counsel for Plaintiffs, I agreed to the proposed Settlement with an understanding of the strengths and weaknesses of Plaintiffs' claims. This understanding is based on: (1) the Rule 12(b)(6) motion practice undertaken by the Parties; (2) investigation and research including a review of publicly available information concerning the A Better Financial Plan and related entities; (3) the likelihood that Plaintiffs would prevail on their claims; (4) the range of possible recovery; (5) the substantial complexity, expense, and duration of litigation necessary to prosecute this action through trial, post-trial motions, and likely appeals, and the significant uncertainties in predicting the outcome of such complex litigation; and (6) Defendants' determination to fight and contest every aspect of the case. Having undertaken this analysis, I have concluded that the Settlement is fair, reasonable, and adequate, and should be presented to the Court for approval.

10. If the Settlement is not approved, a substantial amount of work will need to be completed, including completion of fact and expert discovery, class certification, dispositive motion practice, designation of witnesses and exhibits, preparation of pre-trial memoranda and proposed findings of fact and conclusions of law, presentation of witnesses and evidence at trial, and, depending on the trial court's ruling on the merits, briefing of the losing party's almost-certain appeal.

11. I believe that Plaintiffs' claims are strong but recognize that those claims are subject to potential defenses and counterarguments.

12. In considering whether to recommend a settlement to Plaintiffs, I primarily considered the strengths and weaknesses of the case without regard to Defendants’ ability to pay the full amount of a greater judgment.

Silver Law Group’s Lodestar and Expenses

13. The hourly fees Silver Law Group typically charges for its attorneys range from \$500 to \$850 per hour, which are the same rates that we would charge hourly fee-paying clients.

Reported Hours and Lodestar
Inception through May 6, 2024

Timekeeper	Hours	Rates	Total Lodestar
Scott L. Silver (SC)	218.8	\$850	\$185,980.00
Ryan Schwamm (A)	57.8	\$500	\$28,900.00
Grand Total	276.60	--	\$214,880.00

P = Partner
 SC = Senior Counsel
 A = Associate
 CA = Contract Attorney

14. Silver Law Group has also expended \$1,428.00 in necessary expenses in the litigation of this matter as set forth in detail in the table below:

Expenses Incurred
Inception through May 6, 2024

Expense Category	Amount Incurred
Travel	\$1,428.00
TOTAL EXPENSES	\$1,428.00

15. The expenses that we seek to recover in class action cases are the same types of expenses that we charge hourly fee-paying clients. Class Counsel expects to incur certain additional costs in this case until the settlement proceeds are fully distributed to Class Members.

The foregoing is true and correct to the best of my knowledge and belief.

Executed this 7th day of May 2024, in Coral Springs, Florida.

/s/Scott L. Silver _____
SCOTT L. SILVER

EXHIBIT A



www.silverlaw.com

11780 W. Sample Road
Coral Springs, FL 33065
Tel: (954) 755-4799
Fax: (954) 755-4684

SILVER LAW GROUP

SECURITIESFRAUDATTORNEYS.COM

FIRM RESUME

Coral Springs, Florida
York

Boca Raton, Florida

New York, New

Silver Law Group (“SLG”) is a securities and investment fraud law firm. SLG is nationally recognized for representing investors in investment fraud cases in securities arbitration and class action litigation. We have substantial experience representing victims of Ponzi schemes and other investment frauds before various tribunals. Scott Silver, the founding shareholder of SLG, is a passionate investor advocate and a recognized specialist in the area. Amongst other honors, Scott Silver serves as the Chairman of the Securities and Financial Fraud Group of the American Association of Justice, a Super Lawyer by the Super Lawyers’ rating network, Legal Elite by Florida Trend’s magazine, and Top Securities Attorney by South Florida Legal Guide. Scott Silver is also AV-rated by Martindale-Hubbell, the highest rating by this independent peer ratings company recognizing superior lawyer abilities and the highest grade for ethics.

Scott Silver is a regular speaker at law schools, legal conventions, and industry events. Amongst other publications, Scott Silver has written a securities arbitration primer and an SEC whistleblower primer which have been published and used by others to understand these practice areas.

Securities and Investment Fraud Class Actions

The following is a list of securities and investment fraud cases in which the firm or one or more of its attorneys are or have been involved at this or prior law firms:

- *Billitteri v. Securities America*, Case No. 3:09-cv-01568 (U.S. Dist. Ct. – Northern District of Texas) and *In re Medical Capital Broker Dealer Securities Litig.*, MDL No. 2145 (JPML 2009) – Scott Silver served as counsel to large group of investors relating to two Ponzi schemes sold by Securities America resulting in a \$70 million settlement for investors with pending arbitrations.
- *In re Woodbridge Investments Litigation (Comerica Bank)*, Case No. 18-cv-00103 (U.S. Dist. Ct. – Northern District of California) – Class Action against bank relating to an alleged \$1.2 billion Ponzi scheme operated by Woodbridge Holdings resulting in substantial settlement for investors.
- *Camenisch, et al. v. Umpqua Bank*, Case No. 20-cv-05905 (U.S. Dist. Ct. – Northern District of California) – Class Action against bank relating to an alleged billion-dollar Ponzi scheme. Currently pending.
- *Quintana v. Morgan Stanley*, Case No. 05-cv-21401 (U.S. Dist. Ct. – Southern District of Florida) – Class Action complaint relating to alleged improper destruction of records by major Wall Street firm.
- *Schorrig v. IBM Credit Union, et al.*, Case No. 09-cv-80973 (U.S. Dist. Ct. – Southern District of Florida) – Class Action brought under the Florida Securities and Investor Protection Act involving the sale of securities by an unlicensed dealer.
- *Cifuentes, et al. v. Regions Bank*, Case No. 11-cv-23455 (U.S. Dist. Ct. – Southern District of Florida) – Negligence claim against bank resulting in settlement for Ponzi scheme victims.
- *Liu v. Project Investors, Inc., et al.*, Case No. 16-cv-80060 (U.S. Dist. Ct. – Southern District of Florida) – Class Action against Florida-based cryptocurrency exchange and its CEO for fraud resulting in settlement for investors.

FINRA Arbitration Claims:

- *In re: Samco Financial Services (FINRA)* – The Firm represented over 50 investors in multiple securities fraud arbitrations involving mortgage-backed securities. Scott Silver briefed, argued, and prevailed on the motions to dismiss. Investor losses exceeded \$12 million. Scott Silver obtained a favorable settlement for all investors.
- *Casper v. Axiom Capital*, FINRA Case No. 07-00624 – Our attorneys represented a group of investors collectively awarded in excess of \$2 million in compensatory damages plus attorney’s fees and punitive damages.
- *Farmer v. Anthony Fareri, et al.*, FINRA Case No. 06-01103 – our attorneys represented an elderly investor who was awarded compensatory damages of \$1.13 million plus attorney’s fees and punitive damages.
- Puerto Rico bond litigation – Silver Law Group represented over 100 investors obtaining over \$10 million in awards and settlements alleging securities fraud over the sale of Puerto Rico bonds.

State and Federal Court Non-Class Action Securities Cases:

SLG routinely represents individual investors in state and federal court litigation.

- *Round v. Natural Diamonds Investment Co., et al.*, Case No. 18-cv-81151 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to Plaintiff in alleged diamond investment fraud scheme.
- *Shave v. Stanford Financial Group, Inc.*, Case No. 07-cv-60749 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to Plaintiff in alleged numismatic investment coin scheme.
- *Sandler, et al. v. Janney Montgomery*, Case No. 06-cv-21502 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to Plaintiff in motion to confirm FINRA arbitration award.
- *Rosenthal Collins Group, LLC v. Ford Kennelly*, Case No. 07-cv-01421 (U.S. Dist. Ct. – Northern District of Illinois) – Counsel to investor in motion to confirm NFA arbitration award.
- *Ilich v. Howard*, Case No. 19-cv-00554 (U.S. Dist. Ct. – Northern District of Florida) – Counsel to investor in alleged real estate Ponzi scheme.
- *Smith v. Carlton Asset Management, et al.*, Case No. 07-cv-80464 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to investor in alleged precious metals fraud.
- *Bates, et al. v. World PMX*, Case No. 13-cv-61138 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to investor in alleged precious metals scam.
- *Tandi Partners Limited v. CRL Management LLC, et al.*, Case No. 13-cv-23900 (U.S. Dist. Ct. – Southern District of Florida) – Counsel for investor in claims for breach of fiduciary duty against investment advisory firm.
- *Smigiel Foundation v. Tradedesk Capital LLC, et al.*, Case No. 14-cv-81605 (U.S. Dist. Ct. – Southern District of Florida) – Counsel for not-for-profit corporation in lawsuit against investment advisory firm for breach of fiduciary duty.
- *Holland v. Worth Group, Inc., et al.*, Case No. 18-cv-80318 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to elderly investor in claims against precious metal firm for breach of fiduciary duty.

Firm Resume
Page 4 of 4

- *Belesis, et al. v. Lowery*, Case No. 15-cv-02633 (U.S. Dist. Ct. – Southern District of New York) – Counsel to investor to confirm FINRA arbitration award including punitive damages.
- *UBS Financial Services, Inc., et al. v. Bounty Gain*, Case No. 50-2018-CA-006079 (Broward Cir. Ct.) and Case No. 14-cv-81603 (U.S. Dist. Ct. – Southern District of Florida) – Counsel to investor in claims against company for conspiracy to defraud.

SEC Whistleblower Practice:

SLG represented a former financial advisor who reported against a large Wall Street firm resulting in a \$1.8 million SEC Whistleblower award in 2019.

Receivership Practice:

SLG frequently works with SEC, CFTC, and bankruptcy receivers to help recover money for investors who are victims of Ponzi schemes such as:

- *Soneet Kapila, as Ch. 7 Trustee v. ODL Securities, Inc., et al.*, Case No. 11-cv-2725 (U.S. Bankruptcy Ct. – Southern District of Florida)
- *James D. Sallah, as Receiver for OM Global Investment Fund, LLC v. BGT Consulting, LLC*, Case No. 16-cv-81483 (U.S. Dist. Ct. – Southern District of Florida)
- *Goldberg, et al. v. D&E Communications, Inc., et al.*, Case No. 11-cv-22177 (U.S. Dist. Ct. – Southern District of Florida)
- *SEC v. Natural Diamonds Investment Co., et al.*, Case No. 19-cv-80633 (U.S. Dist. Ct. – Southern District of Florida)

Silver Law Group Team

SLG is a boutique law firm dedicated to representing investors in securities and investment fraud claims. Nationally recognized for our securities arbitration practice, SLG routinely represents victims of Ponzi schemes, elder financial abuse, and investment frauds in cases before the state and federal courts and many arbitration forums including FINRA, National Futures Association (“NFA”), and the American Arbitration Association (“AAA”).

Scott Silver has been recognized by multiple legal publications including Super Lawyers, Legal Elite and South Florida Legal Guide as a top securities lawyer. Scott Silver serves as the Chairman of the Securities and Financial Fraud group of the American Association of Justice (“AAJ”) and is an active member of the Public Investors Advocate Bar Association (“PIABA”). Scott Silver has spoken at multiple industry events and law schools relating to securities and investment fraud cases.

In 2009, the Daily Business Review awarded Scott Silver its most Effective Lawyer in securities litigation for his work representing a group of investors defrauded in a series of private placements. SLG has represented hundreds of investors in stockbroker misconduct cases and has represented SEC receivers in multiple cases. In 2020, Scott Silver represented a former Wall Street broker in an SEC whistleblower matter which resulted in a \$1.8 million recovery.





CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Securities Class Action Settlements

2023 Review and Analysis

Table of Contents

2023 Highlights	1
Author Commentary	2
Total Settlement Dollars	3
Settlement Size	4
Type of Claim	5
Rule 10b-5 Claims and “Simplified Tiered Damages”	5
Plaintiff-Estimated Damages	7
’33 Act Claims and “Simplified Statutory Damages”	8
Analysis of Settlement Characteristics	10
GAAP Violations	10
Derivative Actions	11
Corresponding SEC Actions	12
Institutional Investors	13
Time to Settlement and Case Complexity	14
Case Stage at the Time of Settlement	15
Cornerstone Research’s Settlement Analysis	16
Research Sample	17
Data Sources	17
Endnotes	18
Appendices	19
About the Authors	24

Figures and Appendices

Figure 1: Settlement Statistics	1
Figure 2: Total Settlement Dollars	3
Figure 3: Distribution of Settlements	4
Figure 4: Median and Average “Simplified Tiered Damages” in Rule 10b-5 Cases	5
Figure 5: Median Settlement as a Percentage of “Simplified Tiered Damages” by Damages Ranges in Rule 10b-5 Cases	6
Figure 6: Settlements by Nature of Claims	8
Figure 7: Median Settlement as a Percentage of “Simplified Statutory Damages” by Damages Ranges in ‘33 Act Claim Cases	9
Figure 8: Median Settlement as a Percentage of “Simplified Tiered Damages” and Allegations of GAAP Violations	10
Figure 9: Frequency of Derivative Actions	11
Figure 10: Frequency of SEC Actions	12
Figure 11: Median Settlement Amounts and Institutional Investors	13
Figure 12: Median Settlement by Duration from Filing Date to Settlement Hearing Date	14
Figure 13: Median Settlement Dollars and Resolution Stage at Time of Settlement	15
Appendix 1: Settlement Percentiles	19
Appendix 2: Settlements by Select Industry Sectors	19
Appendix 3: Settlements by Federal Circuit Court	20
Appendix 4: Mega Settlements	20
Appendix 5: Median and Average Settlements as a Percentage of “Simplified Tiered Damages”	21
Appendix 6: Median and Average Settlements as a Percentage of “Simplified Statutory Damages”	21
Appendix 7: Median and Average Maximum Dollar Loss (MDL)	22
Appendix 8: Median and Average Disclosure Dollar Loss (DDL)	22
Appendix 9: Median Docket Entries by “Simplified Tiered Damages” Range	23

Analyses in this report are based on nearly 2,200 securities class actions filed after passage of the Private Securities Litigation Reform Act of 1995 (Reform Act) and settled from 1996 through year-end 2023. See page 17 for a detailed description of the research sample. For purposes of this report and related research, a settlement refers to a negotiated agreement between the parties to a securities class action that is publicly announced to potential class members by means of a settlement notice.

2023 Highlights

In 2023, while the number of settled securities class actions declined 21% relative to the 15-year high in 2022, the median settlement amount, median “simplified tiered damages,” and median total assets of issuer defendants all remained at historically elevated levels.¹

- There were 83 securities class action settlements in 2023 with a total settlement value of approximately \$3.9 billion, compared to 105 settlements in 2022 with a total settlement value of approximately \$4.0 billion. (page 3)
- The median settlement amount of \$15 million is the highest level since 2010 and represents an increase of 11% from 2022, while the average settlement amount (\$47.3 million) increased by 25% over 2022. (page 4)
- There were nine mega settlements (equal to or greater than \$100 million), with a total settlement value of \$2.5 billion. (page 3)
- In 2023, 34% of cases settled for more than \$25 million, the highest percentage since 2012. (page 4)
- Median “simplified tiered damages” declined 16% from the record high in 2022, but remained at elevated levels compared to the prior nine years.² (page 5)
- Issuer defendant firms involved in cases that settled in 2023 were 19% larger than defendant firms in 2022 settlements as measured by median total assets, which reached its highest level since 1996. (page 5)
- The median duration from the case filing to the settlement hearing date of 3.7 years in 2023 was unusually high. Since the Reform Act’s passage, the time to settle reached this level in only one other year (2006). (page 14)

Figure 1: Settlement Statistics

(Dollars in millions)

	2018–2022	2022	2023
Number of Settlements	420	105	83
Total Amount	\$19,545.7	\$3,974.7	\$3,927.3
Minimum	\$0.4	\$0.7	\$0.8
Median	\$11.7	\$13.5	\$15.0
Average	\$46.5	\$37.9	\$47.3
Maximum	\$3,640.9	\$842.9	\$1,000.0

Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented.

Author Commentary

Insights and Findings

Continuing an increase observed in 2022, the size of settled cases in 2023 (measured by the median settlement amount) reached the highest level in over a decade. This occurred despite a decline in median “simplified tiered damages,” a measure of potential shareholder losses that our research finds to be the single most important factor in explaining individual settlement amounts.

The size of the issuer defendant firms involved in cases settled in 2023 (measured by median total assets) also increased. Indeed, median total assets for defendants in 2023 settlements reached an all-time high among post-Reform Act settlements and was 19% higher than in 2022. Issuer defendant assets serve, in part, as a proxy for resources available to fund a settlement and are highly correlated with settlement amounts. Thus, the increase in defendant assets likely contributed to the growth in settlement amounts in 2023.

One factor causing the increase in asset size of defendant firms in cases settled in 2023 may be that, overall, these firms were more mature than in prior years. Specifically, the median age as a publicly traded firm was 16 years, compared to the median age of 11 years for cases settled from 2014 to 2022. In addition, the percentage of cases settled in 2023 that involved firms in the financial sector (over 15%) was higher than the prior nine-year average. Firms in the financial sector involved in securities class action settlements have consistently reported higher total assets than other issuer firm defendants.

In 2023, cases took longer to settle. They also reached more advanced stages prior to resolution, including a smaller proportion of cases settled before a ruling on class certification compared to prior years. Since longer periods to reach settlement are also correlated with higher settlement amounts, this increase is consistent with the higher overall median settlement value.

Securities class actions settled in 2023 continued to take longer to resolve—disruptions associated with the COVID-19 pandemic may have contributed to this increase.

*Dr. Laarni T. Bulan
Principal, Cornerstone Research*

Longer times to reach a settlement and more advanced litigation stages are also typically correlated with greater case activity, as measured by the number of entries on the court dockets. Surprisingly, the median number of docket entries increased only slightly compared to 2022. This, and the fact that over 80% of cases settled in 2023 had been filed by the end of 2020, suggests that the lengthened time to settlement can potentially be explained by delays related to the COVID-19 pandemic.

The size of issuer defendants in 2023 settlements surpassed even the previous record in 2022, in part due to an increase in the number of financial sector defendants to the highest level in the last decade.

*Dr. Laura E. Simmons
Senior Advisor, Cornerstone Research*

Looking Ahead

While we do not necessarily expect new record highs in settlement dollars in the upcoming years, it is possible that settlement amounts will remain at relatively high levels, based on recent trends in securities class action filings, including elevated levels of Disclosure Dollar Loss and Maximum Dollar Loss. (See Cornerstone Research’s [Securities Class Action Filings—2023 Year in Review](#).)

Further, the most recent emergence of case filings related to the 2023 bank failures, combined with a relatively high proportion in the last few years of settled cases involving financial firms, may result in a continued rise in the asset size of issuer defendants involved in settlements. This may also contribute to high settlement amounts.

Additionally, considering the levels of filing activity in recent years, we do not anticipate dramatic increases in the number of cases settled in the upcoming years.

—Laarni T. Bulan and Laura E. Simmons

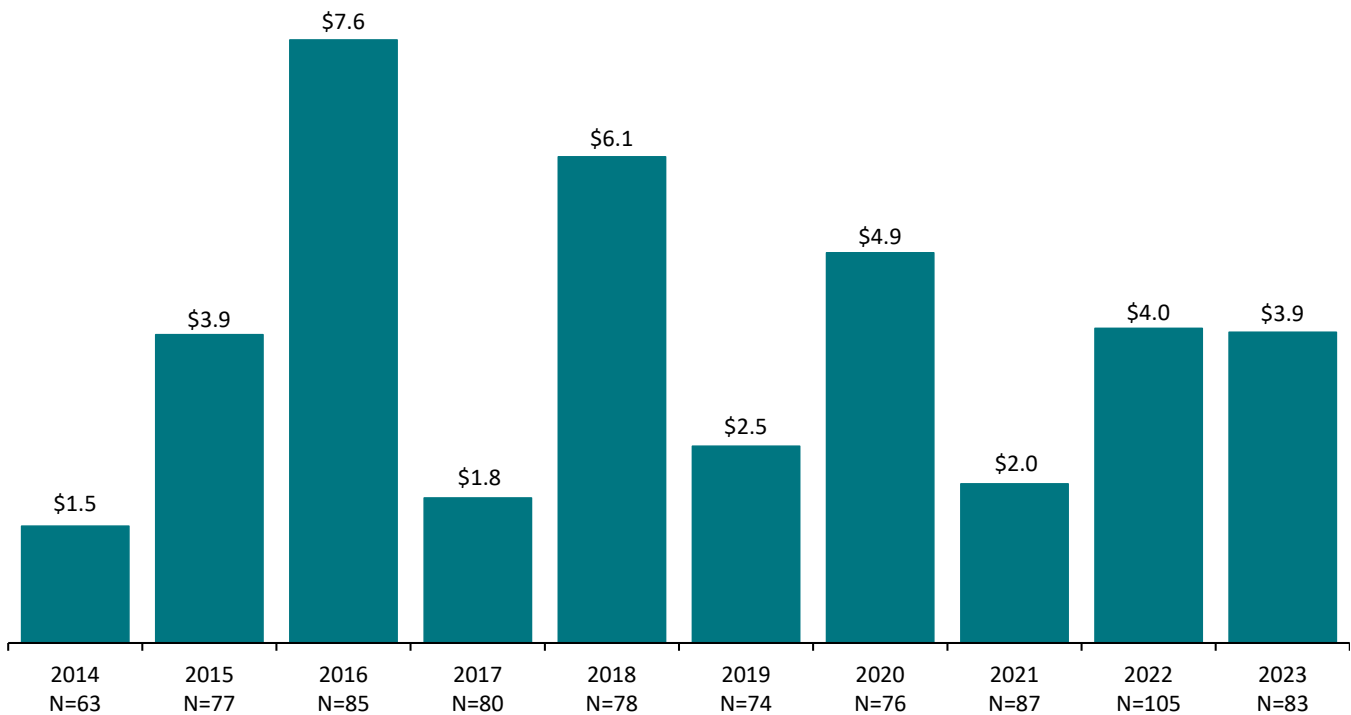
Total Settlement Dollars

- While the number of settlements in 2023 declined by more than 20% from 2022, 2023 total settlement dollars were roughly the same as in 2022.
- The nine mega settlements in 2023—the highest number since 2016—ranged from \$102.5 million to \$1 billion. (See Appendix 4 for an analysis of mega settlements.)
- Cases involving institutional investors as lead plaintiffs represented 86% of total settlement dollars in 2023, in line with the percentage in 2022.

Mega settlements accounted for nearly two-thirds of 2023 total settlement dollars, up from 52% in 2022.

Figure 2: Total Settlement Dollars
2014–2023

(Dollars in billions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented. “N” refers to the number of cases.

Settlement Size

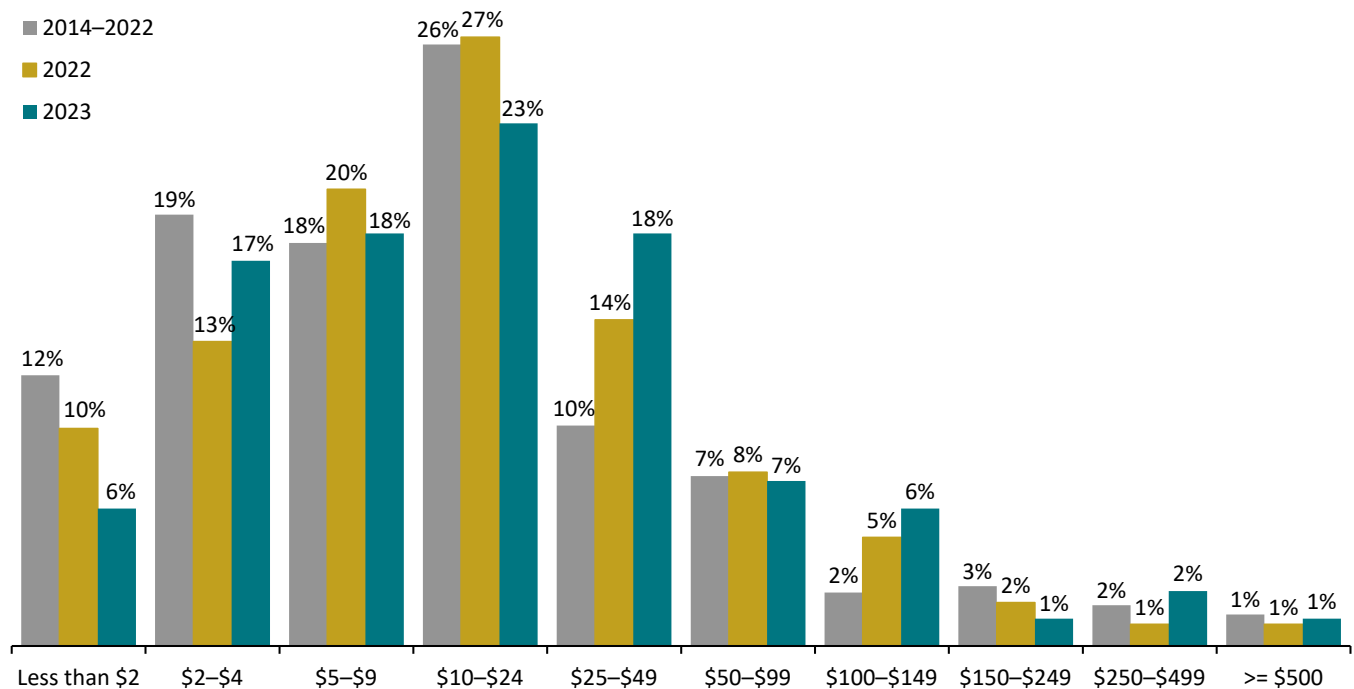
- The median settlement amount in 2023 was \$15 million, an 11% increase from 2022 and 44% higher than the 2014–2022 median (\$10.4 million). Median values provide the midpoint in a series of observations and are less affected than averages by outlier data.
- The average settlement amount in 2023 was \$47.3 million, a 25% increase from 2022. (See Appendix 1 for an analysis of settlements by percentiles.)
- In 2023, 6% of cases settled for less than \$2 million, the lowest percentage since 2013.

The median settlement amount in 2023 reached the highest level since 2010.

- The percentage of settlement amounts greater than \$25 million (34%) was the highest since 2012, driven in part by the continued increase in settlement amounts in the \$25 million to \$50 million range.
- Issuers that have been delisted from a major exchange and/or declared bankruptcy prior to settlement are generally associated with lower settlement amounts. The number of such issuers declined from 10% in 2022 to a new all-time low of 7% in 2023, contributing to the higher overall median settlement amount in 2023.³

Figure 3: Distribution of Settlements
2014–2023

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented. Percentages may not sum to 100% due to rounding.

Type of Claim

Rule 10b-5 Claims and “Simplified Tiered Damages”

“Simplified tiered damages” uses simplifying assumptions to estimate per-share damages and trading behavior for cases involving Rule 10b-5 claims. It provides a measure of potential shareholder losses that allows for consistency across a large volume of cases, thus enabling the identification and analysis of potential trends.⁴

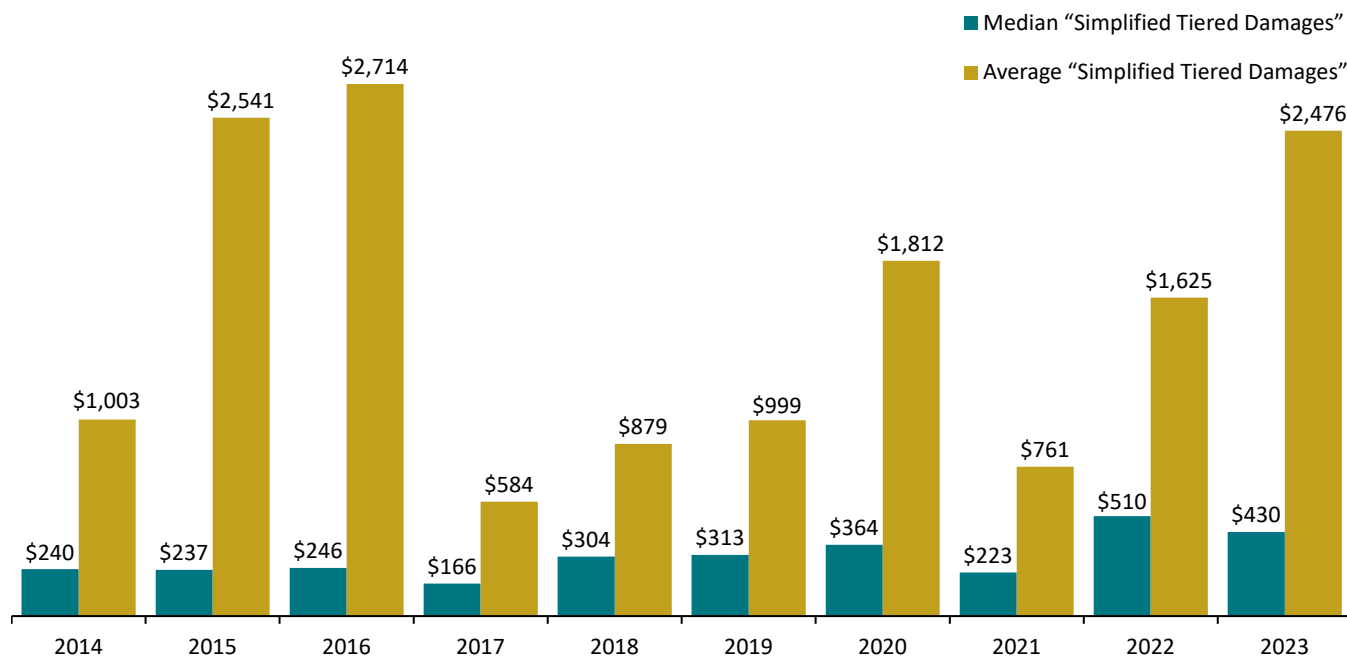
Cornerstone Research’s analysis finds this measure to be the most important factor in estimating settlement amounts.⁵ However, this measure is not intended to represent actual economic losses borne by shareholders. Determining any such losses for a given case requires more in-depth economic analysis.

Median “simplified tiered damages” remained at elevated levels in 2023.

- In 2023, the average “simplified tiered damages” was nearly six times as large as the median, the largest difference since 2016. This difference was primarily driven by seven cases with “simplified tiered damages” exceeding \$5 billion.
- Higher “simplified tiered damages” are typically associated with larger issuer defendants. Consistent with the elevated levels of “simplified tiered damages,” the median total assets of issuer defendants among settled cases in 2023 was \$3.1 billion—154% higher than the prior nine-year median and higher than any other post-Reform Act year.
- Higher “simplified tiered damages” are also generally associated with larger Maximum Dollar Loss (MDL).⁶ In 2023, the median MDL fell only slightly from the historical high in 2022. (See Appendix 7 for additional information on median and average MDL.)

Figure 4: Median and Average “Simplified Tiered Damages” in Rule 10b-5 Cases 2014–2023

(Dollars in millions)

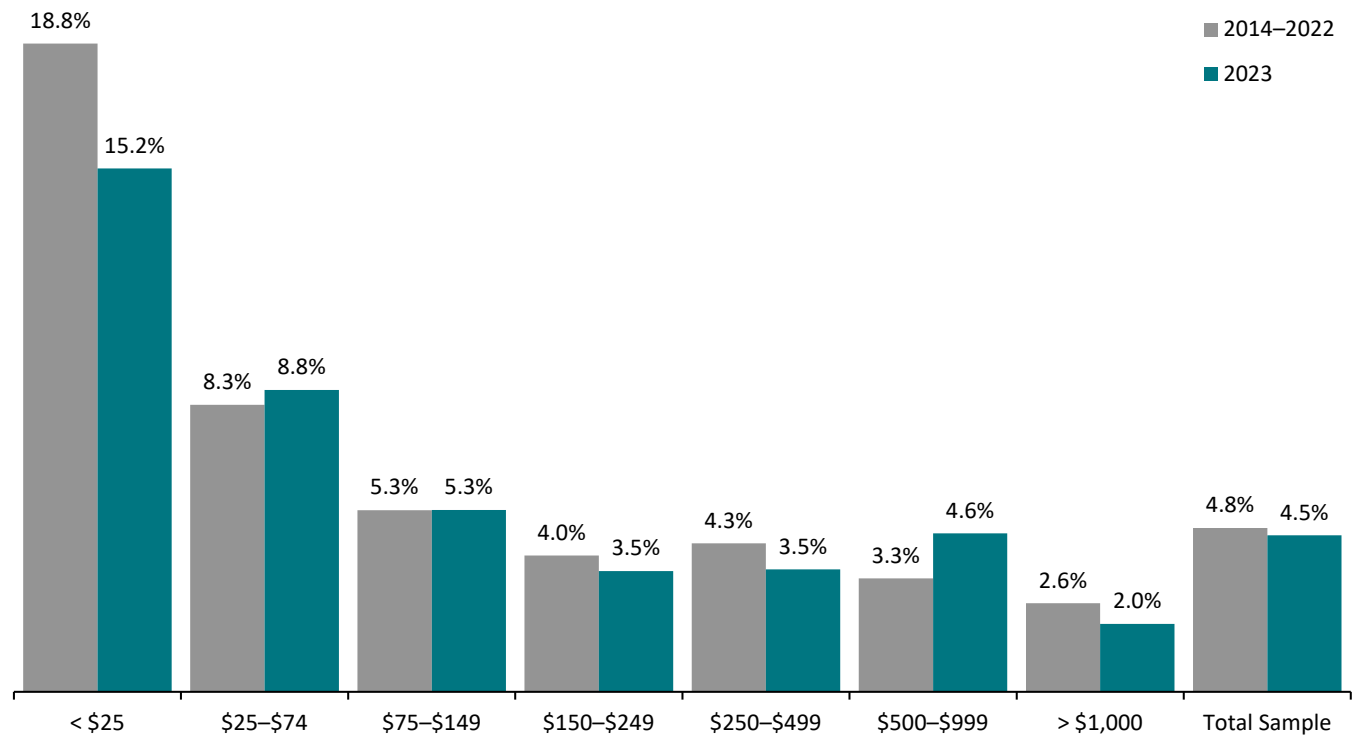


Note: “Simplified tiered damages” are adjusted for inflation based on class period end dates and are estimated for common stock only; 2023 dollar equivalent figures are presented. Damages are estimated for cases alleging a claim under Rule 10b-5 (whether alone or in addition to other claims).

- Larger cases, as measured by “simplified tiered damages,” typically settle for a smaller percentage of damages.
- In 2023, the overall median settlement as a percentage of “simplified tiered damages” of 4.5% increased 27% from 2022, but was in-line with the prior nine-year average percentage. (See Appendix 5 for additional information on median and average settlement as a percentage of “simplified tiered damages.”)
- The median settlement as a percentage of “simplified tiered damages” of 4.6% for cases with “simplified tiered damages” from \$500 million to \$1 billion reached a five-year high in 2023.

Figure 5: Median Settlement as a Percentage of “Simplified Tiered Damages” by Damages Ranges in Rule 10b-5 Cases 2014–2023

(Dollars in millions)



Note: Damages are estimated for cases alleging a claim under Rule 10b-5 (whether alone or in addition to other claims).

Plaintiff-Estimated Damages

In their motions for settlement approval, plaintiffs typically report an estimate of aggregate damages (“plaintiff-estimated damages”).⁷

As explained in Cornerstone Research’s *Approved Claims Rates in Securities Class Actions* (2020), “plaintiff-estimated damages” are often represented as plaintiffs’ “best-case scenario” or the “maximum potential recovery” calculated by plaintiffs. However, the authors highlight a “selection bias” present in these data due to potential plaintiff counsel incentives to report “the lower end of the range of estimated total aggregate damages” to be able “to demonstrate to the court a high settlement amount relative to potential recovery.” To the extent such incentives exist, their impact may vary across cases. Detailed information on plaintiffs’ methodology to determine the reported amount is not disclosed. Hence, it is not possible to determine from the settlement documents the degree to which the methodologies employed are consistent across cases.

With the significant caveats above, “plaintiff-estimated damages” represent an additional measure of potential shareholder losses that may be used alongside “simplified tiered damages” in conjunction with settlement analyses.

'33 Act Claims and “Simplified Statutory Damages”

For Securities Act of 1933 ('33 Act) claim cases—those involving only Section 11 and/or Section 12(a)(2) claims—potential shareholder losses are estimated using a model in which the statutory loss is the difference between the statutory purchase price and the statutory sales price, referred to here as “simplified statutory damages.”⁸

- There were 10 settlements for cases with only '33 Act claims in 2023, with the majority of those cases filed in federal court (7) as opposed to state court (3).⁹
- In 2023, the percentage of cases with an underwriter defendant was 70%, down from the prior nine-year average of 88%.

- The median length of time from case filing to settlement hearing date for '33 Act claim cases was greater than four years—the longest observed duration in any post-Reform Act year for this type of case.

In 2023, the median settlement amount for cases with only '33 Act claims was \$13.5 million, an 85% increase from 2022.

**Figure 6: Settlements by Nature of Claims
2014–2023**

(Dollars in millions)

	Number of Settlements	Median Settlement	Median “Simplified Statutory Damages”	Median Settlement as a Percentage of “Simplified Statutory Damages”
Section 11 and/or Section 12(a)(2) Only	84	\$9.9	\$158.1	7.5%

	Number of Settlements	Median Settlement	Median “Simplified Tiered Damages”	Median Settlement as a Percentage of “Simplified Tiered Damages”
Both Rule 10b-5 and Section 11 and/or Section 12(a)(2)	123	\$14.7	\$307.4	6.6%
Rule 10b-5 Only	596	\$10.3	\$291.7	4.5%

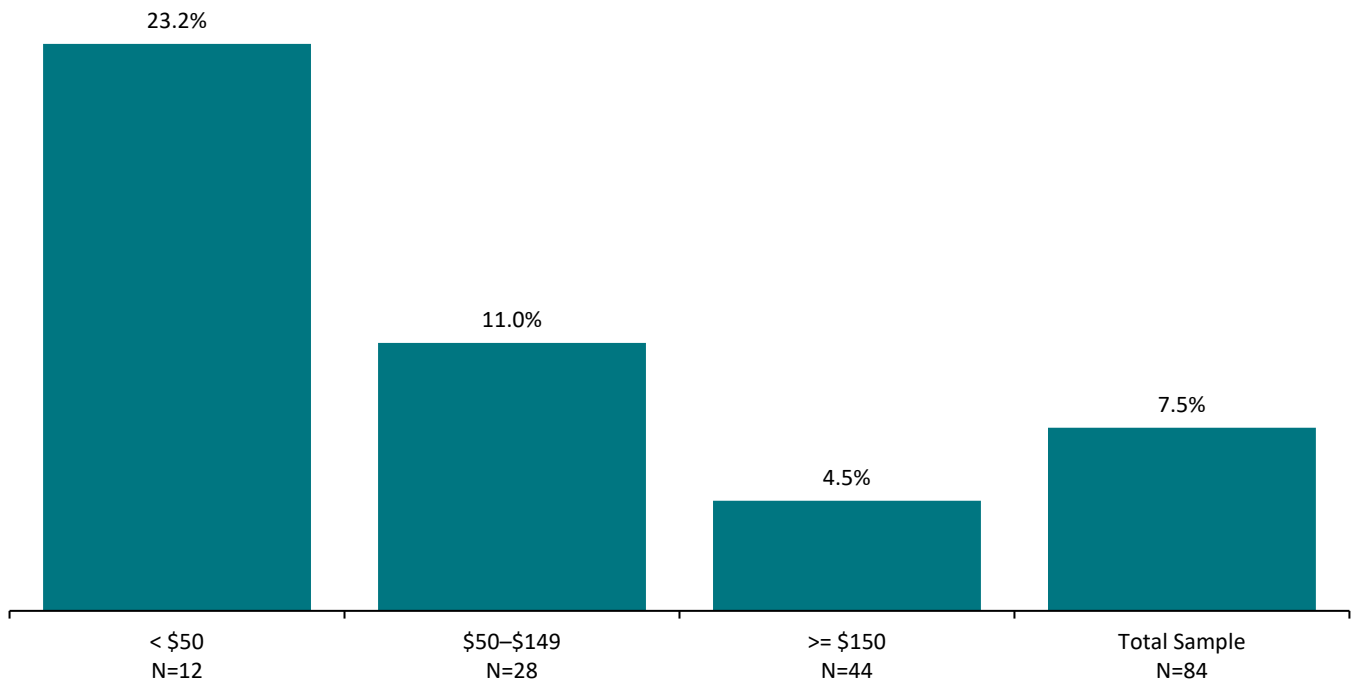
Note: Settlement dollars and damages are adjusted for inflation; 2023 dollar equivalent figures are presented.

- Over 2014–2023, the median size of issuer defendants (measured by total assets) was 40% smaller for cases with only '33 Act claims relative to those that also included Rule 10b-5 claims.
- The smaller size of issuer defendants in cases with only '33 Act claims is consistent with most of these cases involving initial public offerings (IPOs). From 2014 through 2023, 80% of all cases with only '33 Act claims have involved IPOs.
- In 2023, however, the median total assets for settled cases with only '33 Act claims (\$2.5 billion) was over four times as large as the median total assets for such cases in 2014–2022 (\$580 million).

The median “simplified statutory damages” in 2023 increased by 115% from the 2022 median and represents the third highest since 1996.

Figure 7: Median Settlement as a Percentage of “Simplified Statutory Damages” by Damages Ranges in '33 Act Claim Cases 2014–2023

(Dollars in millions)



Jurisdictions of Settlements of '33 Act Claim Cases

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Court	0	2	4	5	4	4	7	6	6	3
Federal Court	2	2	6	3	4	5	1	10	3	7

Note: “N” refers to the number of cases. This analysis excludes cases alleging Rule 10b-5 claims.

Analysis of Settlement Characteristics

GAAP Violations

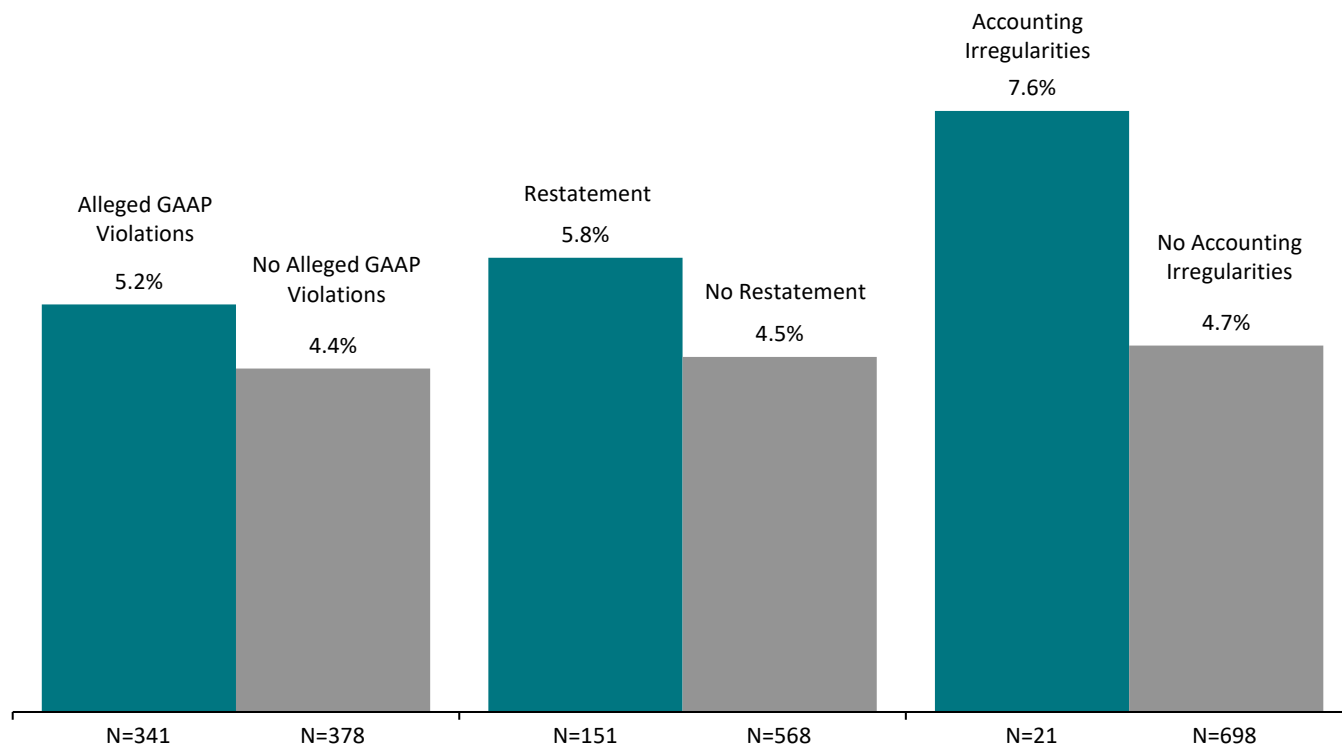
This analysis examines allegations of GAAP violations in settlements of securities class actions involving Rule 10b-5 claims, including two sub-categories of GAAP violations—financial statement restatements and accounting irregularities.¹⁰ For further details regarding settlements of accounting cases, see Cornerstone Research’s annual report on *Accounting Class Action Filings and Settlements*.¹¹

- The percentage of settled cases in 2023 alleging GAAP violations (37%) remained well below the prior nine-year average (49%).
- Contributing to the low number of GAAP cases settled in 2023 were continued low levels of cases involving financial statement restatements and accounting irregularities. In particular, 14% of settled cases in 2023 involved a restatement of financial statements, compared to 22% for the prior nine years. Only 1% of settled cases in 2023 involved accounting irregularities.

- Auditor codefendants were involved in only 2% of settled cases, consistent with the past few years but substantially lower than the average from 2014 to 2022.

In 2023, the median settlement as a percentage of “simplified tiered damages” for cases with alleged GAAP violations increased nearly 25% from 2022.

Figure 8: Median Settlement as a Percentage of “Simplified Tiered Damages” and Allegations of GAAP Violations 2014–2023



Note: “N” refers to the number of cases. This analysis is limited to cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

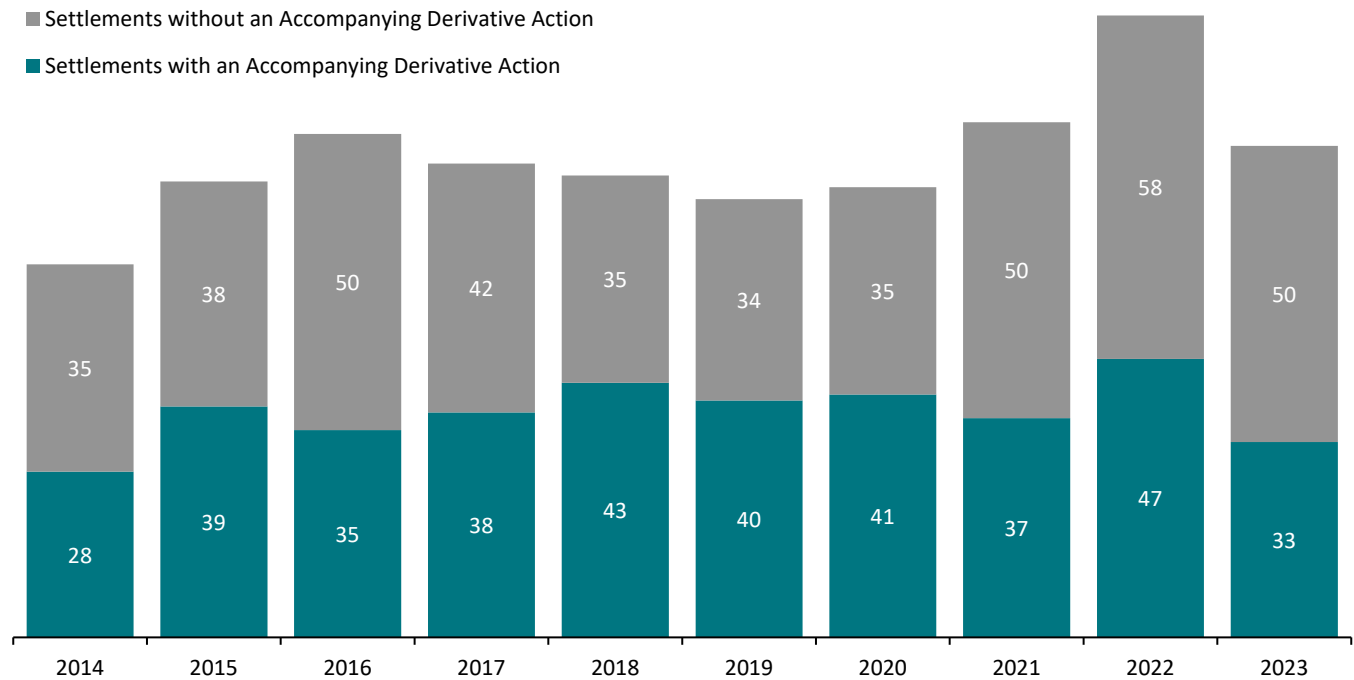
Derivative Actions

- Securities class actions often involve accompanying (or parallel) derivative actions with similar claims, and such cases have historically settled for higher amounts than securities class actions without accompanying derivative matters.¹²
- The percentage of cases involving accompanying derivative actions in 2023 (40%) was the lowest since 2011, in part driven by a reduction in the number of cases filed in Delaware (13) compared to the prior four-year average (17).
- For cases settled during 2019–2023, 40% of parallel derivative suits were filed in Delaware. California and New York were the next most common venues, representing 19% and 17% of such settlements, respectively.

In 2023, the median settlement amount for cases with an accompanying derivative action was \$21 million, over 40% higher than in 2022.

- It is commonly understood that most parallel derivative actions do not settle for monetary amounts (other than plaintiffs’ attorney fees). However, the likelihood of a monetary settlement among parallel derivative actions is higher when the securities class action settlement is large, as shown in Cornerstone Research’s *Parallel Derivative Action Settlement Outcomes*.¹³

Figure 9: Frequency of Derivative Actions 2014–2023

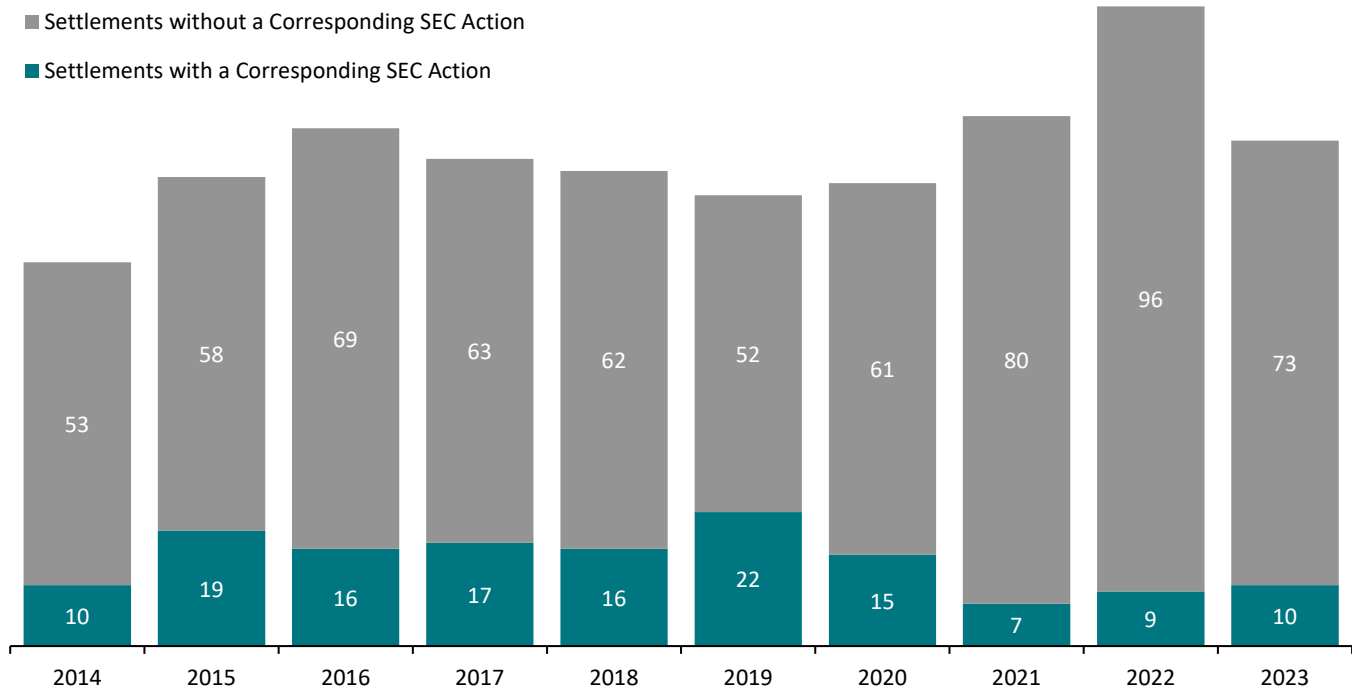


Corresponding SEC Actions

- The percentage of settled cases in 2023 involving a corresponding SEC action was 12%. This represents a slight rebound from 2021 and 2022, when this percentage was less than 10%, but is still well below the prior nine-year average of 19%.
- Historically, cases with a corresponding SEC action have typically been associated with substantially higher settlement amounts.¹⁴ However, this pattern did not hold in 2023 when, for the third time in the past 10 years, the median settlement amount for cases with a corresponding SEC action was less than that for cases without such an action.
- Among 2023 settled cases that involved a corresponding SEC action, 70% also had an institutional investor as a lead plaintiff, up from 33% in 2022.

Over the past 10 years, nearly 75% of settled cases involving SEC actions also involved a restatement of financial statements or alleged GAAP violations.

Figure 10: Frequency of SEC Actions
2014–2023



Institutional Investors

As discussed in prior reports, increasing institutional investor participation as lead plaintiff in securities litigation was a focus of the Reform Act.¹⁵ Indeed, in years following passage of the Reform Act, institutional investor involvement as lead plaintiffs did increase, particularly in cases with higher “simplified tiered damages.”

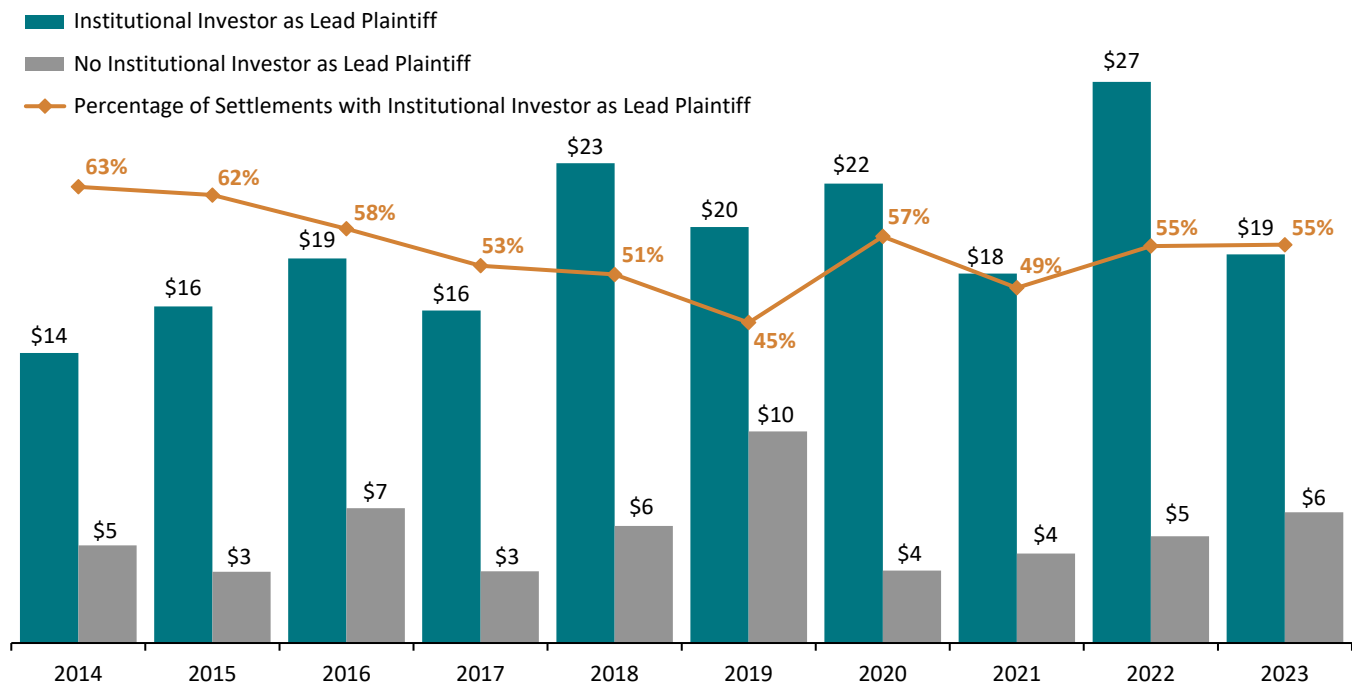
- In 2023, for cases involving an institutional investor as lead plaintiff, median “simplified tiered damages” and median total assets were two times and nine times higher, respectively, than the median values for cases without an institutional investor as a lead plaintiff.

- In 2023, a public pension plan served as lead plaintiff in nearly two-thirds of cases with an institutional lead plaintiff.
- Institutional investor participation as lead plaintiff continues to be associated with particular plaintiff counsel. For example, in 2023 an institutional investor served as a lead plaintiff in over 88% of settled cases in which Robbins Geller Rudman & Dowd LLP (“Robbins Geller”) and/or Bernstein Litowitz Berger & Grossmann LLP (“Bernstein Litowitz”) served as lead or co-lead plaintiff counsel. In contrast, institutional investors served as lead plaintiff in 21% of cases in which The Rosen Law Firm, Pomerantz LLP, or Glancy Prongay & Murray LLP served as lead or co-lead plaintiff counsel.

All nine mega settlements in 2023 included an institutional investor as lead plaintiff.

Figure 11: Median Settlement Amounts and Institutional Investors 2014–2023

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented.

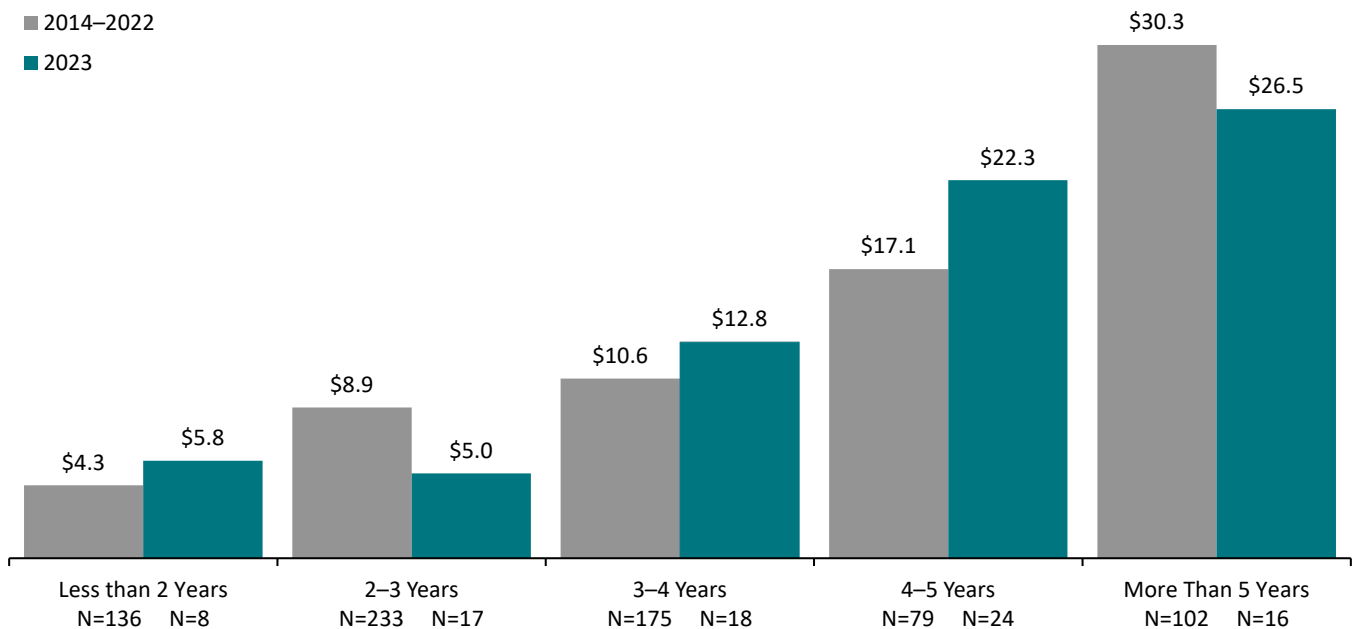
Time to Settlement and Case Complexity

- Overall, less than one-third of cases settled in 2023 settled within three years of filing.
- Cases involving an institutional lead plaintiff continued to take longer to settle. In particular, cases settled in 2023 with an institutional lead plaintiff had a median time to settle of over 4.2 years compared to 3.4 years for cases without an institutional lead plaintiff.
- In 2023, the median time to settle for cases with GAAP allegations was almost a year longer than the median for cases without GAAP allegations.
- Historically, cases with The Rosen Law Firm, Pomerantz LLP, or Glancy Prongay & Murray LLP as lead or co-lead plaintiff counsel settled within three years of case filing. However, cases settled in 2023 with these firms acting as plaintiff counsel collectively took 3.9 years to settlement, a level reached in only one other year (2009). These three law firms were lead or co-lead plaintiff counsel in approximately 30% of cases in 2023.
- The presence of Robbins Geller as lead or co-lead plaintiff counsel is associated with a longer duration between filing and settlement. Cases settled in 2023 with Robbins Geller acting as lead or co-lead plaintiff counsel (28% of settled cases) had a median time to settle of 4.1 years compared to 3.5 years for cases in which the law firm was not involved.¹⁶
- The number of docket entries can be viewed as a proxy for the time and effort expended by plaintiff counsel and/or case complexity. Median docket entries in 2023 (142) increased only slightly from 2022 (138).

The median time from filing to settlement hearing date in 2023 (3.7 years) was up nearly 17% from 2022.

Figure 12: Median Settlement by Duration from Filing Date to Settlement Hearing Date 2014–2023

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented. “N” refers to the number of cases.

Case Stage at the Time of Settlement

Using data obtained through collaboration with Stanford Securities Litigation Analytics (SSLA), this report analyzes settlements in relation to the stage in the litigation process at the time of settlement.

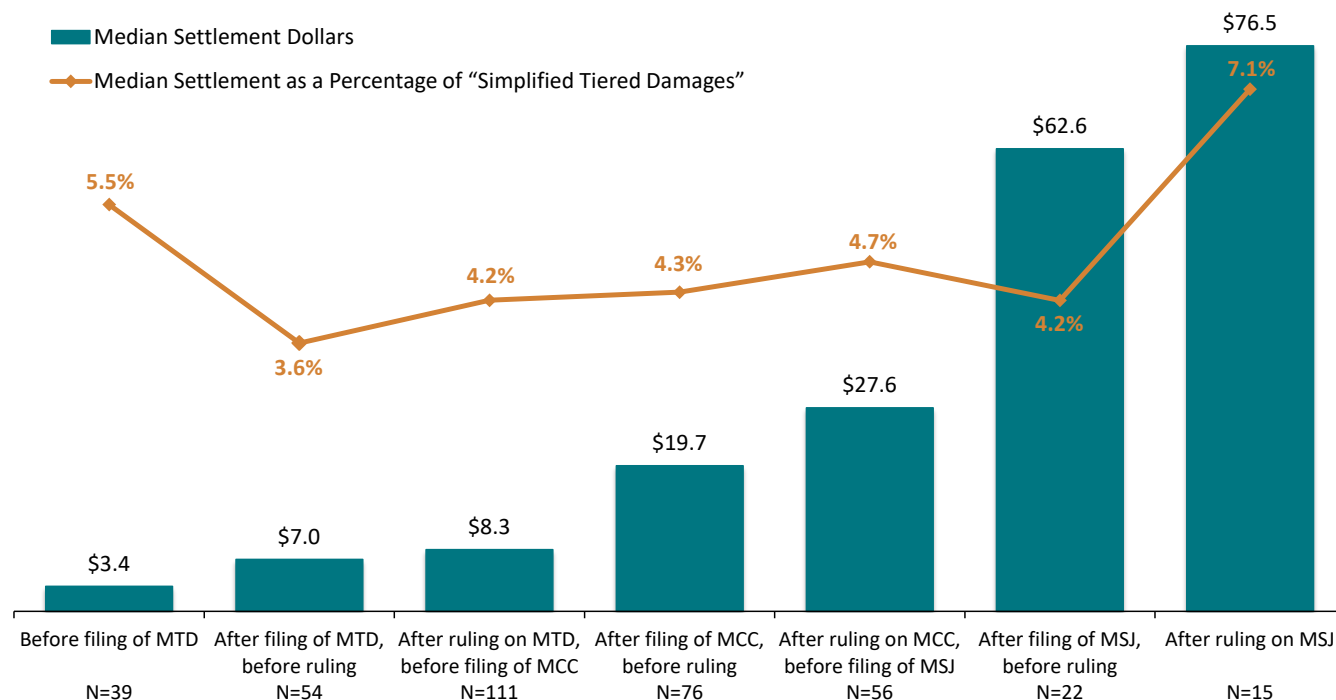
- Cases settling at later stages continue to be larger in terms of total assets and “simplified tiered damages.”
- For example, both median total assets and median “simplified tiered damages” for cases that settled in 2023 after the ruling on a motion for class certification were over two times the respective medians for cases that settled in 2023 prior to such a motion being ruled on.
- In the five-year period from 2019 through 2023, over 90% of cases settled prior to the filing of a motion for summary judgment.

- In 2023, cases settling at later stages continued to include an institutional lead plaintiff at a higher percentage. Specifically, 68% of cases that settled after the filing of a motion for class certification involved an institutional lead plaintiff compared to 41% of cases that settled prior to the filing of such a motion.

In 2023, the percentage of cases settling prior to the filing of a motion to dismiss continued to decline—from 14% of cases in 2019 to 7% of cases in 2023.

Figure 13: Median Settlement Dollars and Resolution Stage at Time of Settlement 2019–2023

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented. “N” refers to the number of cases. MTD refers to “motion to dismiss,” MCC refers to “motion for class certification,” and MSJ refers to “motion for summary judgment.” This analysis is limited to cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

Cornerstone Research's Settlement Analysis

This research applies regression analysis to examine the relations between settlement outcomes and certain securities case characteristics. Regression analysis is employed to better understand the factors that are important for estimating what cases might settle for, given the characteristics of a particular securities class action.

Determinants of Settlement Outcomes

Based on the research sample of cases that settled from January 2006 through December 2023, important determinants of settlement amounts include the following:

- “Simplified tiered damages”
- Maximum Dollar Loss (MDL)—the dollar-value change in the defendant issuer’s market capitalization from its class period peak to the first trading day without inflation
- The most recently reported total assets prior to the settlement hearing date for the defendant issuer
- Number of entries on the lead case docket
- Whether there were accounting allegations
- Whether there was an SEC action with allegations similar to those included in the underlying class action complaint, as evidenced by a litigation release or an administrative proceeding against the issuer, officers, directors, or other defendants
- Whether there were criminal charges against the issuer, officers, directors, or other defendants with allegations similar to those included in the underlying class action complaint
- Whether there was a derivative action with allegations similar to those included in the underlying class action complaint

- Whether, in addition to Rule 10b-5 claims, Section 11 claims were alleged and were still active prior to settlement
- Whether the issuer has been delisted from a major exchange and/or has declared bankruptcy (i.e., whether the issuer was “distressed”)
- Whether an institutional investor acted as lead plaintiff
- Whether securities other than common stock/ADR/ADS were included in the alleged class

Cornerstone Research analyses show that settlements were higher when “simplified tiered damages,” MDL, issuer defendant asset size, or the number of docket entries was larger, or when Section 11 claims were alleged in addition to Rule 10b-5 claims.

Settlements were also higher in cases involving accounting allegations, a corresponding SEC action, criminal charges, an accompanying derivative action, an institutional investor lead plaintiff, or securities in addition to common stock included in the alleged class.

Settlements were lower if the issuer was distressed.

More than 75% of the variation in settlement amounts can be explained by the factors discussed above.

Research Sample

- The database compiled for this report is limited to cases alleging Rule 10b-5, Section 11, and/or Section 12(a)(2) claims brought by purchasers of a corporation's common stock. The sample contains only cases alleging fraudulent inflation in the price of a corporation's common stock.
- Cases with alleged classes of only bondholders, preferred stockholders, etc., cases alleging fraudulent depression in price, and mergers and acquisitions cases are excluded. These criteria are imposed to ensure data availability and to provide a relatively homogeneous set of cases in terms of the nature of the allegations.
- The current sample includes nearly 2,200 securities class actions filed after passage of the Reform Act (1995) and settled from 1996 through 2023. These settlements are identified based on a review of case activity collected by Securities Class Action Services LLC (SCAS).¹⁷
- The designated settlement year, for purposes of this report, corresponds to the year in which the hearing to approve the settlement was held.¹⁸ Cases involving multiple settlements are reflected in the year of the most recent partial settlement, provided certain conditions are met.¹⁹

Data Sources

In addition to SCAS, data sources include Dow Jones Factiva, Bloomberg, the Center for Research in Security Prices (CRSP) at University of Chicago Booth School of Business, Standard & Poor's Compustat, Refinitiv Eikon, court filings and dockets, SEC registrant filings, SEC litigation releases and administrative proceedings, LexisNexis, Stanford Securities Litigation Analytics (SSLA), Securities Class Action Clearinghouse (SCAC), and public press.

Endnotes

- ¹ Reported dollar figures and corresponding comparisons are adjusted for inflation; 2023 dollar equivalent figures are presented in this report.
- ² “Simplified tiered damages” are calculated for cases that settled in 2006 or later, following the U.S. Supreme Court’s 2005 landmark decision in *Dura Pharmaceuticals Inc. v. Broudo*, 544 U.S. 336. “Simplified tiered damages” is based on the stock-price declines associated with the alleged corrective disclosure dates that are described in the settlement plan of allocation.
- ³ Comparison to “all-time” refers to the inception of Cornerstone Research’s database of post–Reform Act settlements beginning in 1996.
- ⁴ The “simplified tiered damages” approach used for purposes of this settlement research does not examine the mix of information associated with the specific dates listed in the plan of allocation, but simply applies the stock price movements on those dates to an estimate of the “true value” of the stock during the alleged class period (or “value line”). This proxy for damages utilizes an estimate of the number of shares damaged based on reported trading volume and the number of shares outstanding. Specifically, reported trading volume is adjusted using volume reduction assumptions based on the exchange on which the issuer defendant’s common stock is listed. No adjustments are made to the underlying float for institutional holdings, insider trades, or short-selling activity during the alleged class period. Because of these and other simplifying assumptions, the damages measures used in settlement benchmarking may differ substantially from damages estimates developed in conjunction with case-specific economic analysis.
- ⁵ Laarni T. Bulan, Ellen M. Ryan, and Laura E. Simmons, *Estimating Damages in Settlement Outcome Modeling*, Cornerstone Research (2017).
- ⁶ MDL is the dollar-value change in the defendant issuer’s market capitalization from its class period peak to the first trading day without inflation.
- ⁷ Catherine J. Galley, Nicholas D. Yavorsky, Filipe Lacerda, and Chady Gemayel, *Approved Claims Rates in Securities Class Actions: Evidence from 2015–2018 Rule 10b-5 Settlements*, Cornerstone Research (2020). Data on “plaintiff-estimated damages” is made available to Cornerstone Research through collaboration with Stanford Securities Litigation Analytics (SSLA). SSLA tracks and collects data on private shareholder securities litigation and public enforcements brought by the SEC and the U.S. Department of Justice (DOJ). The SSLA dataset includes all traditional class actions, SEC actions, and DOJ criminal actions filed since 2000. Available on a subscription basis at <https://sla.law.stanford.edu/>.
- ⁸ The statutory purchase price is the lesser of the security offering price or the security purchase price. Prior to the first complaint filing date, the statutory sales price is the price at which the security was sold. After the first complaint filing date, the statutory sales price is the greater of the security sales price or the “value” of the security on the first complaint filing date. For purposes of “simplified statutory damages,” the “value” of the security on the first complaint filing date is assumed to be the security’s closing price on this date. Similar to “simplified tiered damages,” the estimation of “simplified statutory damages” makes no adjustments to the underlying float for institutional holdings, insider trades, or short-selling activity.
- ⁹ As noted in prior reports, the March 2018 U.S. Supreme Court decision in *Cyan Inc. v. Beaver County Employees Retirement Fund (Cyan)* held that ‘33 Act claim securities class actions could be brought in state court. While ‘33 Act claim cases had often been brought in state courts before *Cyan*, filing rates in state courts increased substantially following this ruling. This trend reversed, however, following the March 2020 Delaware Supreme Court decision in *Salzberg v. Sciabacucchi* upholding the validity of federal forum-selection provisions in corporate charters. See, for example, *Securities Class Action Filings—2021 Year in Review*, Cornerstone Research (2022).
- ¹⁰ The two sub-categories of accounting issues analyzed in Figure 8 of this report are (1) restatements—cases involving a restatement (or announcement of a restatement) of financial statements, and (2) accounting irregularities.
- ¹¹ *Accounting Class Action Filings and Settlements—2023 Review and Analysis*, Cornerstone Research, forthcoming in spring 2024.
- ¹² To be considered an accompanying (or parallel) derivative action, the derivative action must have underlying allegations that are similar or related to the underlying allegations of the securities class action and either be active or settling at the same time as the securities class action.
- ¹³ *Parallel Derivative Action Settlement Outcomes*, Cornerstone Research (2022).
- ¹⁴ As noted in prior reports, it could be that the merits in such cases are stronger, or simply that the presence of a corresponding SEC action provides plaintiffs with increased leverage when negotiating a settlement. For purposes of this research, an SEC action is evidenced by the presence of a litigation release or an administrative proceeding posted on www.sec.gov involving the issuer defendant or other named defendants with allegations similar to those in the underlying class action complaint.
- ¹⁵ See, for example, *Securities Class Action Settlements—2006 Review and Analysis*, Cornerstone Research (2007); Michael A. Perino, “Have Institutional Fiduciaries Improved Securities Class Actions? A Review of the Empirical Literature on the PSLRA’s Lead Plaintiff Provision,” St. John’s Legal Studies Research Paper No. 12-0021 (2013).
- ¹⁶ Although Robbins Geller is associated with a longer duration to settlement, its presence as lead or co-lead plaintiff counsel is not associated with significantly higher settlements as a percentage of “simplified tiered damages.”
- ¹⁷ Available on a subscription basis. For further details see <https://www.issgovernance.com/securities-class-action-services/>.
- ¹⁸ Movements of partial settlements between years can cause differences in amounts reported for prior years from those presented in earlier reports.
- ¹⁹ This categorization is based on the timing of the settlement hearing date. If a new partial settlement equals or exceeds 50% of the then-current settlement fund amount, the entirety of the settlement amount is re-categorized to reflect the settlement hearing date of the most recent partial settlement. If a subsequent partial settlement is less than 50% of the then-current total, the partial settlement is added to the total settlement amount and the settlement hearing date is left unchanged.

Appendices

Appendix 1: Settlement Percentiles

(Dollars in millions)

Year	Average	10th	25th	Median	75th	90th
2014	\$23.5	\$2.2	\$3.7	\$7.7	\$17.0	\$64.4
2015	\$50.6	\$1.7	\$2.8	\$8.4	\$20.9	\$120.9
2016	\$89.6	\$2.4	\$5.3	\$10.9	\$41.9	\$185.4
2017	\$22.9	\$1.9	\$3.2	\$6.5	\$19.0	\$44.0
2018	\$78.7	\$1.8	\$4.4	\$13.7	\$30.0	\$59.6
2019	\$33.6	\$1.7	\$6.7	\$13.1	\$23.8	\$59.6
2020	\$64.9	\$1.6	\$3.8	\$11.5	\$23.8	\$62.8
2021	\$23.1	\$1.9	\$3.5	\$9.3	\$20.1	\$65.9
2022	\$37.9	\$2.1	\$5.2	\$13.5	\$36.4	\$74.8
2023	\$47.3	\$3.0	\$5.0	\$15.0	\$33.3	\$101.0

Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented.

Appendix 2: Settlements by Select Industry Sectors 2014–2023

(Dollars in millions)

Industry	Number of Settlements	Median Settlement	Median “Simplified Tiered Damages”	Median Settlement as a Percentage of “Simplified Tiered Damages”
Financial	91	\$17.8	\$313.3	5.3%
Technology	106	\$9.4	\$318.2	4.3%
Pharmaceuticals	122	\$8.5	\$242.5	3.9%
Telecommunication	28	\$11.4	\$381.0	4.4%
Retail	51	\$15.2	\$350.4	4.6%
Healthcare	21	\$10.1	\$240.4	6.0%

Note: Settlement dollars and “simplified tiered damages” are adjusted for inflation; 2023 dollar equivalent figures are presented. “Simplified tiered damages” are calculated only for cases involving Rule 10b-5 claims (whether alone or in addition to other claims).

**Appendix 3: Settlements by Federal Circuit Court
2014–2023**

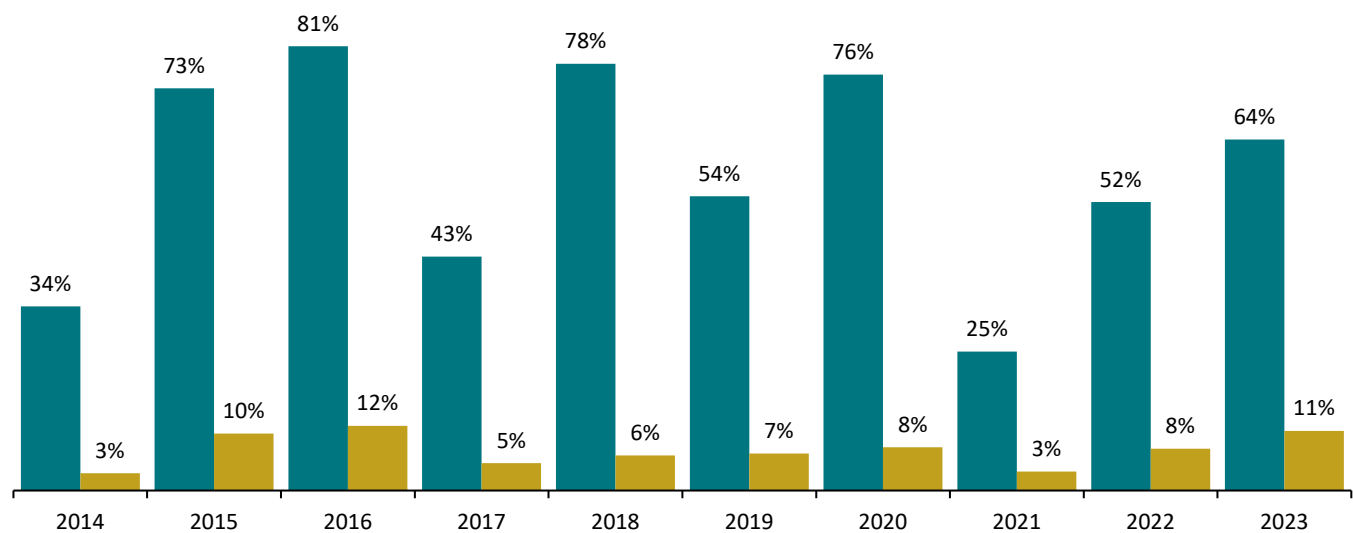
(Dollars in millions)

Circuit	Number of Settlements	Median Settlement	Median Settlement as a Percentage of “Simplified Tiered Damages”
First	20	\$14.1	2.8%
Second	212	\$8.9	4.9%
Third	85	\$7.3	4.9%
Fourth	23	\$24.5	3.9%
Fifth	38	\$11.7	4.7%
Sixth	35	\$15.8	6.7%
Seventh	40	\$18.0	3.7%
Eighth	14	\$48.3	4.6%
Ninth	190	\$9.0	4.4%
Tenth	19	\$12.4	5.3%
Eleventh	36	\$13.7	4.7%
DC	4	\$27.9	2.2%

Note: Settlement dollars are adjusted for inflation; 2023 dollar equivalent figures are presented. Settlements as a percentage of “simplified tiered damages” are calculated only for cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

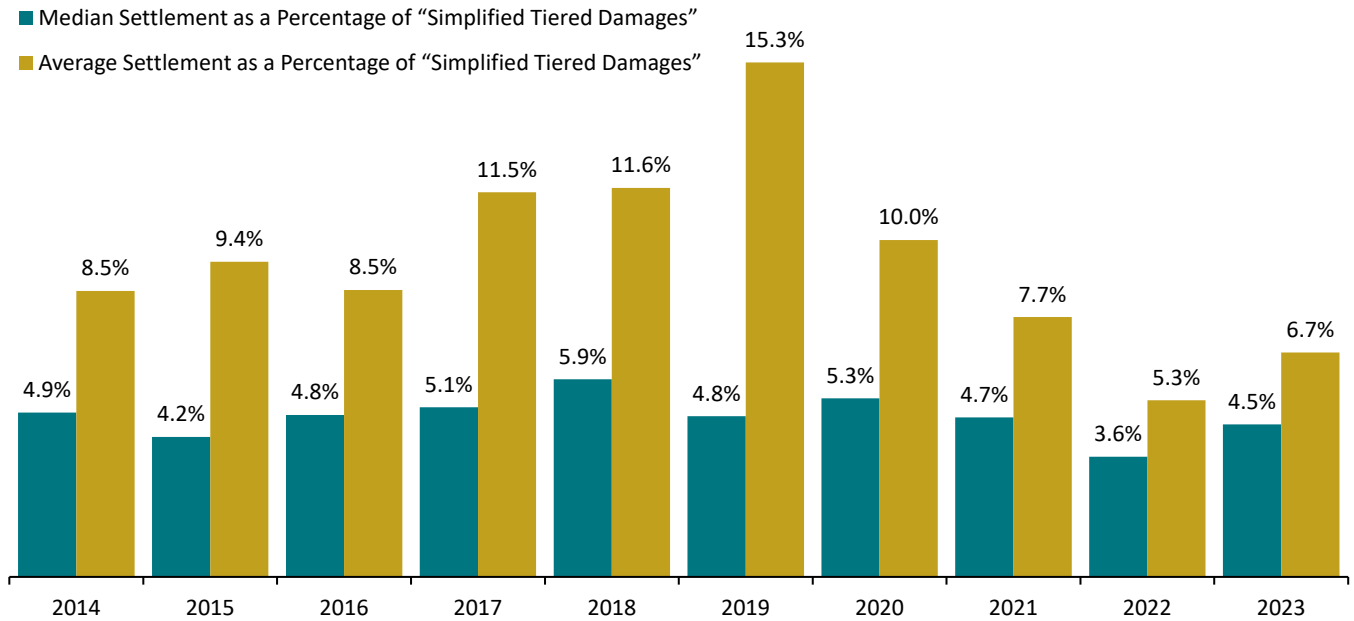
**Appendix 4: Mega Settlements
2014–2023**

- Total Mega Settlement Dollars as a Percentage of All Settlement Dollars
- Number of Mega Settlements as a Percentage of All Settlements



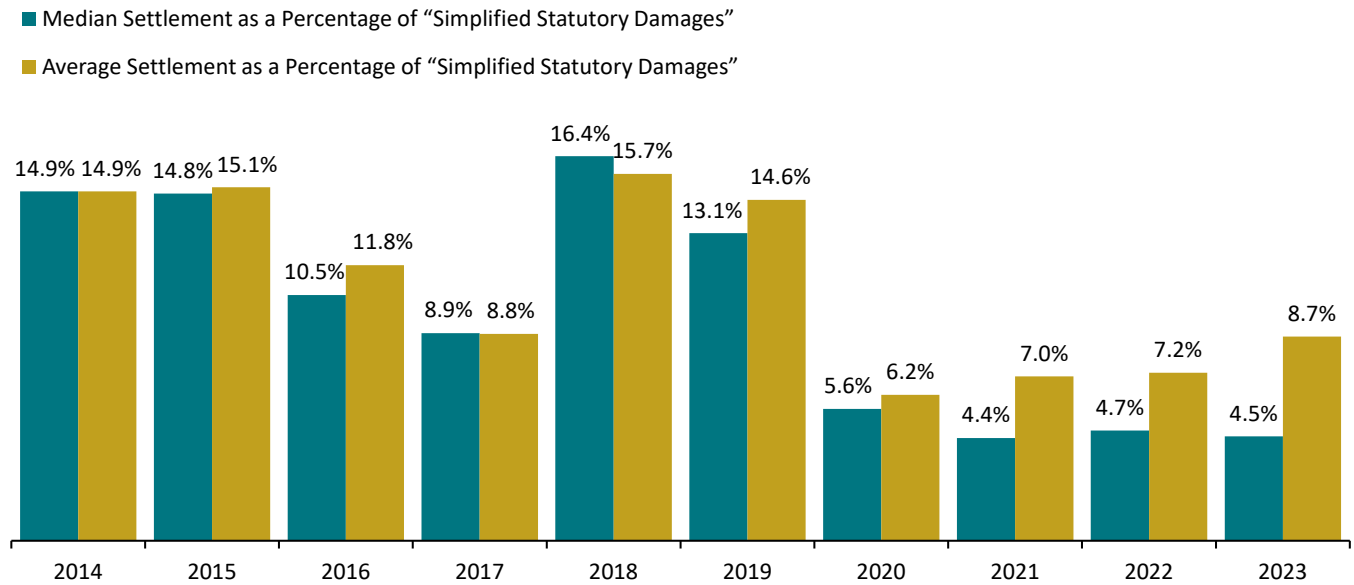
Note: Mega settlements are defined as total settlement funds equal to or greater than \$100 million.

**Appendix 5: Median and Average Settlements as a Percentage of “Simplified Tiered Damages”
2014–2023**



Note: “Simplified tiered damages” are calculated only for cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

**Appendix 6: Median and Average Settlements as a Percentage of “Simplified Statutory Damages”
2014–2023**

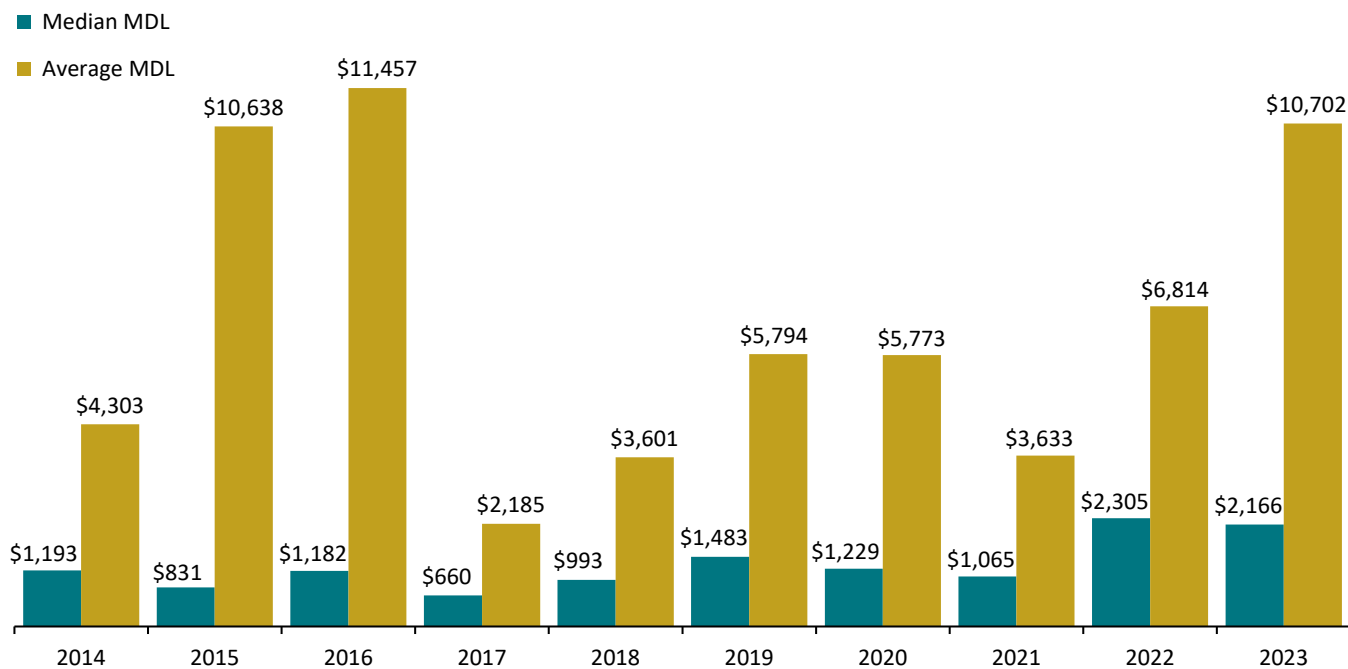


Note: “Simplified statutory damages” are calculated only for cases alleging Section 11 (’33 Act) claims and no Rule 10b-5 claims.

Appendix 7: Median and Average Maximum Dollar Loss (MDL)

2014–2023

(Dollars in millions)

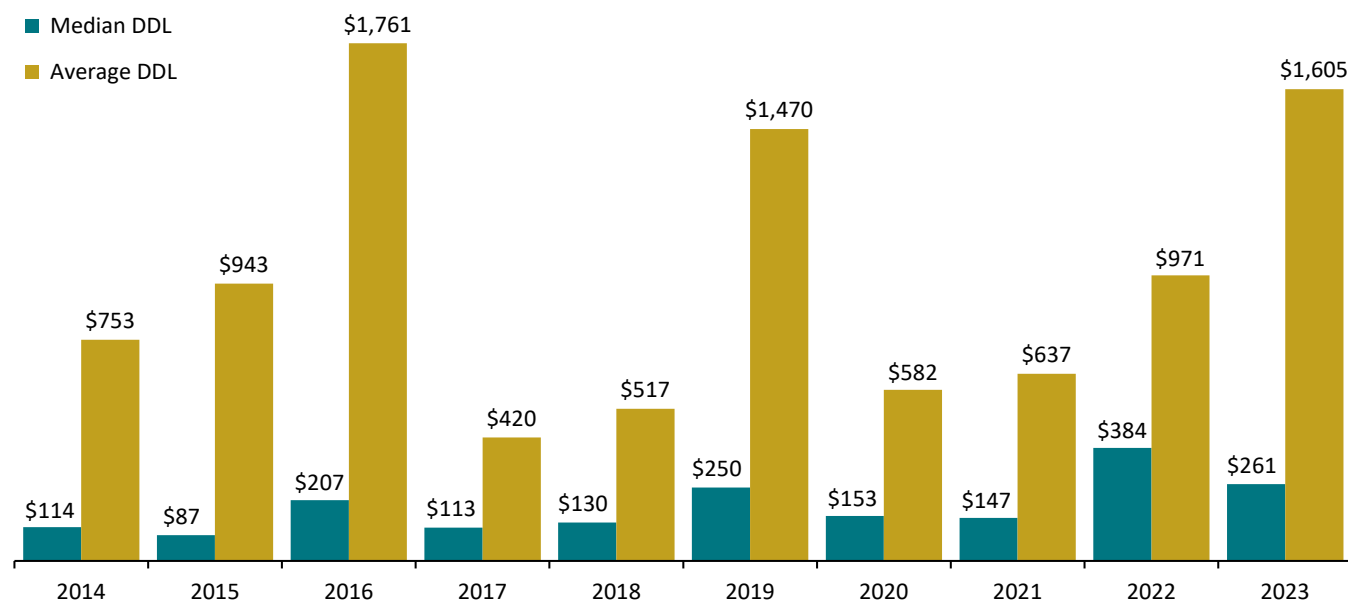


Note: MDL is adjusted for inflation based on class period end dates; 2023 dollar equivalents are presented. MDL is the dollar-value change in the defendant issuer’s market capitalization from its class period peak to the first trading day without inflation. This analysis excludes cases alleging ‘33 Act claims only.

Appendix 8: Median and Average Disclosure Dollar Loss (DDL)

2014–2023

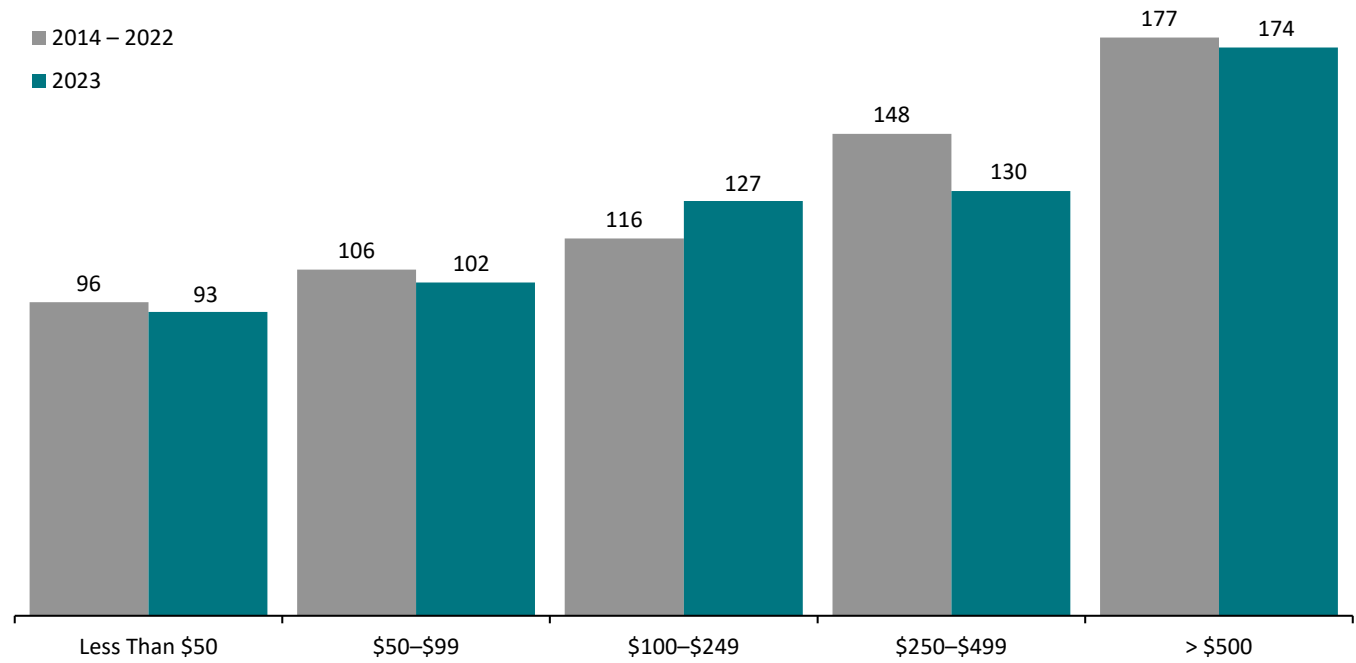
(Dollars in millions)



Note: DDL is adjusted for inflation based on class period end dates; 2023 dollar equivalents are presented. DDL is the dollar-value change in the defendant firm’s market capitalization between the end of the class period to the first trading day without inflation. This analysis excludes cases alleging ‘33 Act claims only.

**Appendix 9: Median Docket Entries by “Simplified Tiered Damages” Range
2014–2023**

(Dollars in millions)



Note: “Simplified tiered damages” are calculated only for cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

About the Authors

Laarni T. Bulan

Ph.D., Columbia University; M.Phil., Columbia University; B.S., University of the Philippines

Laarni Bulan is a principal in Cornerstone Research’s Boston office, where she specializes in finance. Her work has focused on securities and other complex litigation addressing class certification, damages, and loss causation issues; mergers and acquisitions (M&A) and firm valuation; and corporate governance, executive compensation, and risk management issues. She has also consulted on cases related to insider trading, market manipulation and trading behavior, financial institutions and the credit crisis, derivatives, foreign exchange, and securities clearing and settlement.

Dr. Bulan has published notable academic articles in peer-reviewed journals. Her research covers topics in dividend policy, capital structure, executive compensation, corporate governance, and real options. Prior to joining Cornerstone Research, Dr. Bulan had a joint appointment at Brandeis University as an assistant professor of finance in its International Business School and in the economics department.

Laura E. Simmons

Ph.D., University of North Carolina at Chapel Hill; M.B.A., University of Houston; B.B.A., University of Texas at Austin

Laura Simmons is a senior advisor with Cornerstone Research. She has more than 25 years of experience in economic consulting. Dr. Simmons has focused on damages and liability issues in securities class actions, as well as litigation involving the Employee Retirement Income Security Act (ERISA). She has also managed cases involving financial accounting, valuation, and corporate governance issues. She has served as a testifying expert in litigation involving accounting analyses, securities case damages, ERISA matters, and research on securities lawsuits.

Dr. Simmons’s research on pre- and post-Reform Act securities litigation settlements has been published in a number of reports and is frequently cited in the public press and legal journals. She has spoken at various conferences and appeared as a guest on CNBC addressing the topic of securities case settlements. She has also published in academic journals, including research focusing on the intersection of accounting and litigation. Dr. Simmons was previously an accounting faculty member at the Mason School of Business at the College of William & Mary. From 1986 to 1991, she was an accountant with Price Waterhouse.

The authors gratefully acknowledge the research efforts and significant contributions of their colleagues at Cornerstone Research in the writing and preparation of this annual update. The views expressed herein do not necessarily represent the views of Cornerstone Research.

The authors request that you reference Cornerstone Research in any reprint of the information or figures included in this report.

Please direct any questions and requests for additional information to the settlement database administrator at settlementdatabase@cornerstone.com.

Cornerstone Research

Cornerstone Research provides economic and financial consulting and expert testimony in all phases of complex disputes and regulatory investigations. The firm works with an extensive network of prominent academics and industry practitioners to identify the best-qualified expert for each assignment. Cornerstone Research has earned a reputation for consistently high quality and effectiveness by delivering rigorous, state-of-the-art analysis since 1989. The firm has over 900 staff in nine offices across the United States and Europe.

www.cornerstone.com

