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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

IN RE STABLE ROAD  
ACQUISITION CORP. SECURITIES  
LITIGATION

Case No. 2:21-CV-5744-JFW(SHKx)

Honorable John F. Walter

**STATEMENT OF DECISION RE  
THE MOTION FOR CLASS  
DISTRIBUTION ORDER [DKT NO.  
216]**

1 **ORDER GRANTING MOTION FOR CLASS DISTRIBUTION ORDER [filed**  
2 **02/18/2025; Docket No. 216]**

3 On February 18, 2025, Court-appointed lead plaintiff Hartmut Haenisch (“Lead  
4 Plaintiff”) filed an unopposed Motion for Class Distribution Order (the “Motion”).<sup>1</sup>  
5 The Motion requests, *inter alia*, that the Court authorize the distribution of the Net  
6 Settlement Fund (after payment of the Claims Administrator’s expenses as discussed  
7 below, and payment of, or reserve for, taxes, tax preparation fees and escrow fees) to  
8 Authorized Claimants. Defendants did not oppose the Motion, and no Settlement  
9 Class Member has filed an opposition. After considering the moving papers and the  
10 arguments therein, the Court grants the Motion.

11 **I. Factual and Procedural Background**

12 On August 18, 2023, the Parties entered into the Stipulation, the terms of which  
13 established an \$8,500,000 Settlement Fund for the benefit of the proposed Settlement  
14 Class.<sup>2</sup> On September 20, 2023, the Court entered its Order Preliminarily Approving  
15 Settlement and Providing for Notice (“Preliminary Approval Order”), and on  
16 November 22, 2023, it issued its Order Granting Joint Stipulation to Reinstate and  
17 Continue Deadlines Set in the Preliminary Approval Order (Dkt. Nos. 181 and 195;  
18 collectively, the “Preliminary Approval Orders”). Among other things, the  
19 Preliminary Approval Orders approved Lead Plaintiff’s selection of Strategic Claims  
20 Services (“SCS”) to serve as the Claims Administrator for the Settlement. Dkt. No.  
21 181, ¶7.

22  
23 <sup>1</sup> Unless otherwise defined herein, all capitalized terms have the meanings set forth in  
24 the Stipulation and Agreement of Settlement (Dkt No. 178-1; the “Stipulation”), or  
25 the Declaration or Margery Craig Concerning the Results of the Claims  
administration Process (Dkt. No. 217-1; the “Craig Declaration).

26 <sup>2</sup> Subject to certain exclusions, the Settlement Class ultimately certified by the Court  
27 consists of all persons and entities that purchased or otherwise acquired SRAC  
28 Securities between October 7, 2020 and July 13, 2021, inclusive, and were damaged  
thereby. Dkt. No. 210, ¶3.

1 Pursuant to the Preliminary Approval Orders, SCS: (i) either mailed a copy of  
2 the Notice of (I) Pendency of Class Action, Certification of Settlement Class, and  
3 Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award  
4 of Attorneys’ Fees and Reimbursement of Litigation Expenses (the “Notice”), and the  
5 Proof of Claim and Release Form (“Claim Form”; and together with the Notice, the  
6 “Notice Packet”), or emailed a link to the Notice Packet, to 81,066 potential  
7 Settlement Class Members; (ii) published the Summary Notice in *Investor’s Business*  
8 *Daily* and over *PR Newswire* (a national newswire service); (iii) established a case-  
9 specific website for the Settlement ([www.StableRoadSecuritiesSettlement.com](http://www.StableRoadSecuritiesSettlement.com); the  
10 “Settlement Website”); and (iv) set up a toll-free helpline. *See* Craig Decl., ¶¶5-6; *see*  
11 *also* Dkt. No. 202-1, ¶11 (regarding publication of the Summary Notice). The  
12 Settlement Website and helpline enabled Settlement Class Members to obtain  
13 information about the Settlement, including deadlines for requesting exclusion,  
14 objecting, and filing Claims, and the Settlement Website provided access to important  
15 documents relevant to the Settlement, including the Stipulation, Notice, and Claim  
16 Form. *See generally* Settlement Website. Settlement Class Members could also file  
17 Claims on the Settlement Website.

18 On April 23, 2024, the Court entered its Order Approving Plan of Allocation  
19 of Net Settlement Fund. Dkt. No. 212. On that same day, the Court entered the  
20 Judgment Approving Class Action Settlement, which, among other things, granted  
21 final approval of the Settlement. Dkt. No. 210.

22 Pursuant to the Preliminary Approval Orders and as set forth in the Notice, all  
23 Settlement Class Members wishing to participate in the Settlement were required to  
24 submit Claim Forms, and supporting documentation, by mail or online, postmarked  
25 by, or received, no later than April 5, 2024. *See* Dkt. No. 202-1, Ex. A (Notice) at pp.  
26 2-3. The Claims Administrator received and reviewed all submitted Claims that were  
27 received by September 12, 2024, and, to the extent that a Claim was deficient, the  
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1 Claims Administrator notified the Claimant of the deficiency and advised the  
2 Claimant as to possible ways to cure the deficiency. *See* Craig Decl., ¶¶8-15, 18-19.

3 Of the 13,083 Claims received by the Claims Administrator, 808 were paper  
4 Claims or Claims submitted through the Settlement Website. *Id.*, ¶13. The remaining  
5 12,275 Claims were filed electronically (“Electronic Claims”). *Id.* Electronic Claims  
6 are typically banks, brokers, nominees, and other third-party filers that file Claims on  
7 behalf of numerous Claimants (“E-Claim Filers”). *Id.* at n.5. Because E-Claim Filers  
8 submit a high volume of Claims on behalf of multiple Claimants, the Claims  
9 Administrator provides E-Claim Filers with the opportunity to submit a master claim  
10 form and submit an electronic file containing all the transactions of the Claimants on  
11 whose behalf the E-Claim Filer is submitting a Claim—rather than providing reams  
12 of paper requiring manual data entry. *Id.* This process is designed to expedite the  
13 claims process.

14 According to the Claims Administrator, if a Claim was deficient or defective,  
15 the Claims Administrator sent a Deficiency Notice to the Claimant, a sample of which  
16 is attached as Exhibit A to the Craig Declaration. *Id.*, ¶¶12-13, Ex. A. The Deficiency  
17 Notice advised the Claimant that he, she, or it had twenty (20) days from the date of  
18 the Deficiency Notice to submit additional information and/or documentary evidence  
19 to cure the Claim, otherwise the Claims Administrator would recommend the Claim  
20 for rejection. *Id.*, ¶12. Of the 808 paper and online Claims, the Claims Administrator  
21 sent Deficiency Notices for 106 Claims (or approximately 13.12%). *Id.*, ¶13. Four  
22 (4) of the 12,275 Electronic Claims (or approximately 0.033%) were incomplete or  
23 had one or more defects or conditions of ineligibility. The four deficient Electronic  
24 Claims were filed by two unique nominees. SCS sent a Deficiency Notice to the filers  
25 informing them of the Electronic Claims that SCS determined to be defective. *Id.*

26 Ultimately, as detailed in the Craig Declaration, after the deficiency process  
27 was complete, the Claims Administrator determined that 7,631 Claims are acceptable  
28 and should receive a distribution. This number includes 7,582 timely and valid

1 claims, and 49 Late But Otherwise Valid Claims (addressed in Section IV below).  
2 *See* Craig Decl., ¶19(a), n.7 & Exs. C-1, C-2.

3 The Claims Administrator also determined that 55 Claims were ineligible due  
4 to inadequate documentation (*see id.*, at ¶19(b) & Ex. D), and 5,397 Claims are not  
5 eligible and should be rejected for the following reasons: (i) 5,024 Claims had no  
6 Recognized Loss under the Plan of Allocation; (ii) 176 Claims involved SRAC  
7 Securities that were purchased outside the Settlement Class Period; (iii) 153 Claims  
8 involved SRAC Securities that were not purchased or otherwise acquired, but were  
9 received or granted by gift, inheritance, or operation of law; (iv) 31 Claims involved  
10 SRAC Securities that were sold short; (v) nine Claims were duplicates; and (vi) four  
11 Claims were filed for securities other than SRAC Securities. *Id.*, ¶¶19(c) & Ex. E.

12 In sum, according to Lead Plaintiff and the Claims Administrator, of the 13,083  
13 Claims submitted to SCS, 7,631 Claims are being recommended for acceptance, and  
14 5,452 are ineligible and being recommended for rejection.

15 **II. LATE BUT OTHERWISE VALID CLAIMS ARE ALLOWED TO**  
16 **RECOVER FROM THE SETTLEMENT FUND**

17 The Claims Administrator continued to receive Claims after the April 5, 2024,  
18 claims filing deadline. *Id.* at n.2 & n.7. There must, however, be a final cut-off date  
19 after which no more Claims may be accepted so that a proportional distribution of the  
20 Net Settlement Fund may take place. *See In re Gypsum Antitrust Cases*, 565 F.2d  
21 1123, 1127 (9th Cir. 1977) (“There is no question that in the distribution of a large  
22 class settlement fund, ‘a cutoff date is essential and at some point the matter must be  
23 terminated.’”) (citation omitted); *In re Orthopedic Bone Screw Prods. Liab. Litig.*,  
24 246 F.3d 315, 329 (3d Cir. 2001). Acceptance of additional Claims received during  
25 the finalization of the administration process and the preparation of the Motion would  
26 necessarily require a delay in the distribution. Accordingly, the Claims Administrator  
27 imposed a cut-off date of September 12, 2024. Craig Decl., ¶21(e).

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1 Of the 7,631 properly documented valid Claims, 49 were received or  
2 postmarked after the April 5, 2024, deadline, but before the Claim’s Administrator’s  
3 imposed cut-off date of September 12, 2024 (“Late But Otherwise Valid Claims”).  
4 Craig Decl., ¶19(a), n.7 & Ex. C-2. Lead Plaintiff and the Claims Administrator  
5 recommended that the Court approve the 49 Late But Otherwise Valid Claims for  
6 payment. *Id.* at ¶19(a) & n.7. Lead Counsel and the Claims Administrator believe  
7 that when the equities are balanced, it would be unfair to prevent an otherwise valid  
8 Claim from participating in the distribution of the Net Settlement Fund solely because  
9 it was submitted after the deadline to submit Proofs of Claim, but while the Claims  
10 were still being processed. The Court agrees. *See In re Gypsum*, 565 F.2d at 1128  
11 (district court has discretion to grant late claims); *In re Toyota Motor Corp. Sec. Litig.*,  
12 2014 WL 12586787, at \*1 (C.D. Cal. Aug. 4, 2014) (accepting “Late but Otherwise  
13 Eligible Claims”); *Sudunagunta v. Nantkwest, Inc.*, 2019 WL 13060483, at \*2-3 (C.D.  
14 Cal. Dec. 9, 2019) (same); *see also In re “Agent Orange” Prod. Liab. Litig.*, 689 F.  
15 Supp. 1250, 1261-63 (E.D.N.Y. 1988) (court permitting the qualifying late claimants  
16 and opt-out claimants to participate in the settlement distribution because “[t]he cost  
17 to the fund of admitting late claimants and readmitting the opt-out claimants to the  
18 class action should be relatively small. No significant administrative costs need be  
19 incurred to allow the late claims and opt-out claims”).

20 Accordingly, the Court approves Lead Counsel’s recommendation and permits  
21 the Claims Administrator to include the Late But Otherwise Valid Claims in the  
22 Distribution Plan. *See* Craig Decl., 19(a) & Ex. C-2.

23 Additionally, Lead Plaintiff and Claims Administrator requested that the Court  
24 enter an Order directing that no new Proofs of Claim may be accepted after September  
25 12, 2024, and no further adjustments to submitted Proofs of Claim may be made for  
26 any reason after December 25, 2024. *See* Craig Decl., ¶21(e). The Court grants this  
27 request because “[d]rawing a line is essential to achieve certainty and finality in such  
28 a large class action.” *Hartman v. Powell*, 2001 WL 410461, at \*1 (D.C. Cir. Mar. 15,



1 2001); *see also In re Citigroup Inc. Sec. Litig.*, 2014 WL 7399039, at \*4 (S.D.N.Y.  
2 Dec. 29, 2014) (quoting *In re Gypsum*, 565 F.2d at 1127).

3 **III. THE CLAIMS ADMINISTRATOR SHALL DISTRIBUTE THE NET**  
4 **SETTLEMENT FUND**

5 Consistent with the terms of the Plan of Allocation, the Claims Administrator  
6 will conduct an initial distribution of the Net Settlement Fund to all Claimants on a  
7 *pro rata* basis whose distribution payments calculate to \$10.00 or more (the “Initial  
8 Distribution”). *See* Craig Decl., ¶21(a)(i)-(vi). Based on the substantial experience  
9 of the Claims Administrator and Lead Counsel in similar distributions, it can be  
10 expected that a certain number of the payments to be distributed to Settlement Class  
11 Members who filed valid Claims will not be cashed, deposited, or negotiated  
12 promptly. To encourage Authorized Claimants to promptly cash, deposit, or negotiate  
13 their distributions and to avoid or reduce future expenses relating to unpaid  
14 distributions, the Claims Administrator and Lead Counsel propose that all the  
15 distribution checks bear a notation “CASH PROMPTLY, VOID AND SUBJECT TO  
16 RE-DISTRIBUTION 180 DAYS AFTER ISSUE DATE.” *Id.*, ¶21(a)(v). This  
17 request is granted.

18 The Claims Administrator will make reasonable and diligent efforts to  
19 encourage Authorized Claimants who are entitled to participate in the distribution of  
20 the Net Settlement Fund to cash their distribution. However, if after nine (9) months  
21 any funds remain in the Net Settlement Fund, by reason of uncashed checks or  
22 otherwise, the Claims Administrator will conduct a second distribution (the “Second  
23 Distribution”) if Lead Counsel, in consultation with the Claims Administrator,  
24 determines that it is cost-effective to do so. *Id.*, ¶21(b). During the Second  
25 Distribution, any amounts remaining in the Net Settlement Fund after the Initial  
26 Distribution, after payment of Notice and Administration Expenses (including the  
27 estimated costs of such Second Distribution), Taxes, and any escrow fees, will be  
28 redistributed to all Authorized Claimants in the Initial Distribution who cashed their

1 distribution checks and would receive at least \$10.00 from the Second Distribution.  
2 *Id.* After the Second Distribution, additional redistributions will occur following the  
3 same process of the Second Distribution until no funds remain in the Net Settlement  
4 Fund or until Lead Counsel, in consultation with the Claims Administrator,  
5 determines that additional distributions are no longer economically feasible. *Id.*,  
6 ¶21(c).

7 Finally, if any funds remain in the Net Settlement Fund after payment of any  
8 further Notice and Administration Costs and Taxes, the remaining balance shall be  
9 contributed to the Public Justice Foundation, a non-sectarian, not-for-profit  
10 organization dedicated to, among other things, investor education and advocacy. *See*  
11 *Nacif v. Athira Pharma, Inc.*, 2024 WL 4654238, at \*9 (W.D. Wash. Nov. 1, 2024)  
12 (designating the Public Justice Foundation as the *cy pres* recipient in a securities class  
13 action).

#### 14 **IV. THE COURT APPROVES THE RELEASE OF CLAIMS**

15 In order to allow the full and final distribution of the Net Settlement Fund, it is  
16 necessary to bar any further claims against the Net Settlement Fund beyond the  
17 amounts allocated to Authorized Claimants, and to provide that all persons involved  
18 in the review, verification, calculation, tabulation, or any other aspect of the  
19 processing of the Claims submitted herein, or otherwise involved in the administration  
20 or taxation of the Settlement Fund or the Net Settlement Fund, be released and  
21 discharged from any and all claims arising out of such involvement. Courts have  
22 repeatedly approved similar provisions in connection with the distribution of  
23 settlement proceeds. *See, e.g., Wilson v. LSB Indus., Inc.*, 2020 WL 5628039, at \*2  
24 (S.D.N.Y. Sept. 21, 2020) (“All persons involved in the review, verification,  
25 calculation, tabulation, or any other aspect of the processing of the claims submitted  
26 herein, or otherwise involved in the administration or taxation of the Settlement Fund  
27 or the Net Settlement Fund, are released and discharged from any and all claims  
28 arising out of such involvement, and all Settlement Class Members, whether or not



1 they are to receive payment from the Net Settlement Fund, are barred from making  
2 any further claim against the Net Settlement Fund or the released persons beyond the  
3 amount allocated to them pursuant to this Order.”); *see also In re Nuvelo, Inc. Sec.*  
4 *Litig.*, 2012 WL 12920613, at \*2 (N.D. Cal. July 16, 2012); *Toyota*, 2014 WL  
5 12586787, at \*3; *In re Medicis Pharm. Corp. Sec. Litig.*, 2013 WL 12149720, at \*2  
6 (D. Ariz. Mar. 8, 2013).

7       Accordingly, (a) all persons involved in the review, verification, calculation,  
8 tabulation, or any other aspect of the processing of the Claims submitted in connection  
9 with the Settlement, or who are otherwise involved in the administration or taxation  
10 of the Settlement Fund or the Net Settlement Fund, are released and discharged from  
11 any and all claims arising out of that involvement; and (b) all Settlement Class  
12 Members and other Claimants, whether or not they receive payment from the Net  
13 Settlement Fund, are barred from making any further claims against the Net  
14 Settlement Fund, Lead Plaintiff, Lead Counsel, Plaintiff’s Counsel, the Claims  
15 Administrator, the Escrow Agent or any other agent retained by Lead Plaintiff or Lead  
16 Counsel in connection with the administration or taxation of the Settlement Fund or  
17 the Net Settlement Fund, or any other person released under the Settlement beyond  
18 the amounts allocated to them pursuant to the terms of the Class Distribution Order,  
19 provided, however, that such released persons acted in accordance with the  
20 Stipulation, the Judgment, and the Class Distribution Order. *See Wilson*, 2020 WL  
21 5628039, at \*2; *Toyota*, 2014 WL 12586787, at \*3.

22 **V. THE COURT APPROVES PAYMENT OF ADMINISTRATION**  
23 **RELATED FEES AND EXPENSES**

24       The cost of the administration of the Settlement incurred and paid through  
25 January 31, 2025, totals \$224,246.93. Craig Decl., ¶23. The estimate to conduct the  
26 Initial Distribution and any tax work, which will be reserved prior to the Initial  
27 Distribution, is \$19,600. *Id.* Therefore, the Court authorizes payment to the Claims  
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1 Administrator from the Settlement Fund of \$19,600.<sup>3</sup>


2 **VI. THE COURT APPROVES LEAD PLAINTIFF’S RECORDS**  
3 **RETENTION AND DESTRUCTION**

4 Lead Plaintiff requests that the Court order that: (a) in no less than one (1) year  
5 after the Second Distribution of the Net Settlement Fund, if that occurs, or, if there is  
6 no Second Distribution, one year after the Initial Distribution, the Claims  
7 Administrator may destroy the paper copies of the Claims and all supporting  
8 documentation; and (b) in no less than one (1) year after all funds have been  
9 distributed, the Claims Administrator may destroy the electronic copies of the Claims  
10 and all supporting documentation. *Id.*, ¶22. The Court grants this request.

11 **VII. CONCLUSION**

12 For the foregoing reasons, Lead Plaintiff’s Motion is GRANTED.

13 Dated: March 24, 2025

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15 \_\_\_\_\_  
16 The Honorable John F. Walter  
17 United States District Judge

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27 <sup>3</sup> If the anticipated fees and expenses to conduct the Initial Distribution are greater  
28 than the actual cost to conduct the distribution, the excess will be returned to the  
Settlement Fund.