THE AMERICAN ARBITRATION ASSOCIATION
INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION

JOE FASANO, ALTIMEO OPTIMUM FUND, and ALTIMEO ASSET MANAGEMENT, Individually and on Behalf of All Others Similarly Situated, **Claimants,** **v.** **GUOQING LI, PEGGY YU YU, DANGDANG HOLDING COMPANY, LTD., E-COMMERCE CHINA DANGDANG INC., KEWEN HOLDING CO. LTD., SCIENCE & CULTURE LTD., FIRST PROFIT MANAGEMENT, LTD., DANQIAN YAO, LIJUN CHEN, and MIN KAN,** **Respondents.**	Case No. 01-22-0003-8285

MEMORANDUM OF LAW IN SUPPORT OF LEAD COUNSEL'S MOTION FOR AWARD OF ATTORNEYS' FEES, REIMBURSEMENT OF EXPENSES, AND COMPENSATORY AWARDS TO LEAD CLAIMANTS

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Under Rule 8 of the AAA's Supplementary Rules for Class Arbitrations (the "Supplementary Rules"), Lead Counsel Sadis & Goldberg, LLP ("Sadis" or "Lead Counsel"), and Claimants Joe Fasano ("Fasano"), Altimeo Optimum Fund, and Altimeo Asset Management ("Altimeo") respectfully submit this memorandum of law in support of their motion for (i) Lead Counsel attorneys' fees of 33.33% of the Settlement Fund ($7 million, plus *pro rata* interest), (ii) reimbursement of $1.1 million in out-of-pocket expenses, and (iii) compensatory awards of $70,000 to Fasano and $140,000 to Altimeo, consistent with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), 15 U.S.C. § 78u-4(a)(4). Respondents do not oppose this motion.

PRELIMINARY STATEMENT

The proposed Settlement, if approved, will provide an outstanding result for the Settlement Class, by resolving the Entire Action in exchange for a large $21 million cash payment. The Settlement brings to a close over nine years of hard-fought litigation. Claimants' achievements included: (1) a robust international investigation and detailed 184-paragraph Amended Complaint and a 165-paragraph Demand for Arbitration; (2) two successful appeals of dismissals to the U.S. Court of Appeals for the Second Circuit; (3) a successful motion to compel arbitration; (4) a successful Arbitration Clause Construction motion; (5) successful motions to compel substantial discovery; (6) defeating Respondents' Article 23 motion for early disposition and (7) a favorable settlement after extensive mediation on the eve of a fully-briefed Class Certification hearing. As shown below and in the Lieberman Declaration, the Settlement provides the Settlement Class with a significant and certain recovery in a case that presented numerous hurdles and risks.

The proposed attorneys' fees and compensatory awards are supported by both the quality and quantity of the work performed by Lead Counsel and the Claimants for the Settlement Class. *First*, the Settlement amount is nearly 20% of the $108.9 million maximum damages available in this action. That is almost *three times higher* than the median settlement percentage of 7.3% for similar class actions with maximum potential damages of $75 million to $149 million, according to Cornerstone Research. Further, this 20% percentage is much larger than the settlements of similar class action challenges to Chinese Going-Private Transactions in *Qihoo* (3.27% of maximum damages) and *JA Solar* (5.15% of maximum damages). *See* Lieberman Decl. ¶¶97-100.

Second, Lead Counsel and Claimants dedicated thousands of hours to litigating this action over nine years. Lead Counsel devoted over 5,700 hours, for a lodestar of approximately $5.8 million, and a multiplier of just 1.2 based on the requested $7 million fee. That is a far lower multiplier than most class action cases, including the 2.2x multiplier in *Qihoo* and the 1.6x multiplier in *JA Solar*. Similarly, Altimeo's larger compensatory award is supported by it spending more than twice the hours monitoring this action (over 750) compared to its work in *Qihoo* – and by its efforts to increase the Settlement amount. And Mr. Fasano dedicated more hours than those that supported similar compensatory awards in *Qihoo* and *JA Solar*.

Further, Respondents had substantial defenses to liability had the Arbitration continued. Claimants' motion for class certification had been fully briefed when the Parties agreed to settle. Respondents had raised substantial arguments against class certification. Absent the Settlement, the Arbitration would have required resolving Claimants' class certification motion, motions to vacate before the SDNY of any class certification award, additional fact and expert discovery, dispositive motions, *Daubert*-style motions, motions in *limine*, and proving Claimants' claims through hearing, post-hearing motions, and appeals to the SDNY and the Second Circuit. Proving Respondents' liability and loss causation at a final hearing posed significant challenges.

In the face of these hurdles—as well as the fully contingent nature of the case—Lead Counsel devoted substantial resources to prosecuting this Arbitration and the Entire Action against highly skilled opposing counsel over the course of nine years of extensive litigation. In addition to the significant work and achievements discussed above, the Parties also engaged in extensive mediation efforts overseen by experienced JAMS mediator, Jed Melnick, which included the preparation of mediation briefs, a full-day mediation session, and subsequent negotiations before the Parties reach an agreement to settle. (Lieberman Decl. ¶¶13-73.)

The Settlement is particularly favorable considering the challenges posed in this litigation. The District Court dismissed Claimants' federal action, twice, on *forum non conveniens* grounds. This action remains live only because of the unwavering persistence of Claimants and Lead Counsel for over nine years. Lead Counsel also demonstrated skill and tenacity to advance novel legal theories under Cayman and New York law, prevail on its motion for clause construction and against Respondents' dispositive motion, and to obtain significant discovery before moving for Class Certification—overcoming numerous defenses and hurdles raised by Respondents' skilled and experienced counsel. In addition, this case presented difficult questions of loss causation that could have complicated the path to recovery at a final hearing. Although Lead Counsel is confident they would have prevailed, doing so would have been more challenging and riskier than usual.

The time, effort, and resources expended to prosecute this action were immense: Over 5,700 hours of attorney time, over $1.1 million in out-of-pocket costs, and more than nine years of litigation with no guarantee of any recovery. Against this backdrop, Lead Counsel requests a fee of 33.33% of the Settlement Fund, which represents a reasonable lodestar "multiplier" of 1.2, reimbursement of $1.1 million in Litigation Expenses thus far, and compensatory awards of $140,000 for Altimeo and $70,000 to Fasano, for the extraordinary amount of time and resources they dedicated to diligently representing the Class.

Lead Counsel respectfully submits that their efforts and the results achieved in this action justify the requested fees, expenses, and awards.

FACTUAL AND PROCEDURAL HISTORY

The Lieberman Declaration is an integral part of this submission, and, for the sake of brevity, the Tribunal is respectfully referred to it for a discussion of the history of the Entire Action. (Lieberman Decl. ¶¶13-73); the nature of the claims asserted (*id.* ¶¶14-15, 22, 30); negotiations leading to the Settlement (*id.* ¶¶57-58, 64-66); risks and uncertainties of continued litigation (*id.* ¶¶77-94); a summary of the services Lead Counsel provided for the Settlement Class's benefit (*id.* ¶¶13-73, 122); and additional information on the factors that support the fee and expense application, including the lodestar cross-check (*id.* ¶¶121-151).

ARGUMENT

I. THE COMMON FUND DOCTRINE SHOULD APPLY TO THE SETTLEMENT

Where, as here, the Parties propose to resolve class arbitration through a class-wide settlement, the Parties must request and obtain the Tribunal's approval under the Supplementary Rules. Supplementary Rule 8, governing the settlement of class arbitrations, largely mirrors to Federal Rule of Civil Procedure 23(e), which governs the settlement of class actions in federal court, by among other things, requiring the Tribunal determine whether the proposed settlement is "fair, reasonable, and adequate." *Compare* Supplementary Rule 8(a)(3) *with* Fed. R. Civ. P. 23(e); *see also Jock v. Sterling Jewelers Inc.*, 188 F. Supp. 3d 320, 324 n.4 (S.D.N.Y. 2016) ("the standards for certification of a class action under the AAA Supplementary Rules largely mirror those of Fed. R. Civ. P. 23.").[1] Therefore, the Tribunal may consider federal court precedents in ruling on whether to grant Lead Counsel's requested Fee Award under the Supplementary Rules.

The Supreme Court and the Second Circuit have long recognized that attorneys whose efforts create a "common fund" are entitled to a reasonable attorneys' fee from that fund. *See*

[1] Rule 4 also contemplates that the Tribunal may consider federal court precedent applying Federal Rule 23(e), by stating that the Tribunal "shall consider . . . any law . . . the arbitrator determines applies to the arbitration." *Id.*

Boeing Co. v. Van Gemert, 444 U.S. 472, 478 (1980); *Goldberger v. Integrated Res., Inc.*, 209 F.3d 43, 47 (2d Cir. 2000).[2] "The rationale for the doctrine is an equitable one: it prevents unjust enrichment of those benefitting from a lawsuit without contributing to its cost." *Goldberger*, 209 F.3d at 47; *see also In re Veeco Instruments Inc. Sec. Litig.*, 2007 WL 4115808, at *2 (S.D.N.Y. Nov. 7, 2007). Awarding reasonable attorneys' fees from a common fund also serves an important policy goal: it encourages "skilled counsel to represent those who seek redress for damages inflicted on entire classes of persons," and thus discourages "future misconduct of a similar nature." *Id.*; *see also Hicks v. Morgan Stanley*, 2005 WL 2757792, at *9 (S.D.N.Y. Oct. 24, 2005).

For the common fund doctrine to apply, "the applicant's efforts must confer a 'substantial benefit on the members of an ascertainable class, and where the court's jurisdiction over the subject matter of the suit makes possible an award that will operate to spread costs proportionately among them,' an award of attorneys' fees must operate to shift the costs of litigation to that group." *Maley v. Del Glob. Techs. Corp.*, 186 F. Supp. 2d 358, 369 (S.D.N.Y. 2002) (quoting *Mills v. Elec. Auto-Lite Co.*, 396 U.S. 375, 393-94 (1970)). All these elements are present here. Lead Counsel's efforts conferred a substantial benefit—$21,000,000 in cash—on an ascertainable class. In addition, a fee award from the common fund will equitably shift the costs of litigation to the group benefitting from the Settlement, *i.e.*, the Settlement Class. Accordingly, the Court should award attorneys' fees from the Settlement Fund. *See Maley*, 186 F. Supp. 2d 369.

II. THE COURT SHOULD AWARD A REASONABLE PERCENTAGE OF THE COMMON FUND

The requested fee award here is $7 million, the standard 33.33% of the Settlement Fund in contingency matters. In the Second Circuit, where the Federal Action is pending, "both the lodestar and the percentage of the fund methods are available to district judges in calculating

[2] Unless otherwise noted, all emphasis is added and internal citations and quotations omitted.

attorneys' fees." *Goldberger*, 209 F.3d at 50. "The trend in the Second Circuit is to use the percentage of the fund method in common fund cases like this one, as it directly aligns the interests of the class and its counsel, mimics the compensation system actually used by individual clients to compensate their attorneys, provides a powerful incentive for the efficient prosecution and early resolution of litigation, and preserves judicial resources." *Monzon v. 103W77 Partners, LLC*, 2015 WL 993038, at *2 (S.D.N.Y. Mar. 5, 2015); *Wal-Mart Stores, Inc. v. Visa U.S.A., Inc.*, 396 F.3d 96, 121 (2d Cir. 2005) ("The trend in this Circuit is toward the percentage method, which directly aligns the interests of the class and its counsel and provides a powerful incentive for . . . efficient prosecution and early resolution[.]"). The lodestar method, by contrast, "creates an unanticipated disincentive to early settlements, tempts lawyers to run up their hours, and compels district courts to engage in a gimlet-eyed review of line-item fee audits." *Wal-Mart*, 396 F.3d at 121.[3]

The percentage method does not, however, render the lodestar irrelevant. Rather, part of the reasonableness inquiry is a comparison of the lodestar to the fee awarded pursuant to the percentage-of-the-fund method "[a]s a 'cross-check.'" *Wal-Mart*, 396 F.3d at 123 (quoting *Goldberger*, 209 F.3d at 50). "[W]here [the lodestar method is] used as a mere cross-check, the hours documented by counsel need not be exhaustively scrutinized by the district court." *Goldberger*, 209 F.3d at 50. "Instead, the reasonableness of the claimed lodestar can be tested by the court's familiarity with the case," *id*., or the court "may rely on summaries submitted by the attorneys and need not review actual billing records." *In re Rite Aid Corp. Sec. Litig.*, 396 F.3d

[3] The percentage-of-the-fund method is also supported by the PSLRA, which requires courts to whether the attorneys' fees requested are "[a reasonable percentage of the amount of any damages and prejudgment interest actually paid to the class." 15 U.S.C. § 78u-4(a)(6); *see also In re EVCI Career Colls. Holding Corp. Sec. Litig.*, 2007 WL 2230177, at *16 (S.D.N.Y. July 27, 2007) ("[T]he PSLRA implicitly supports the use of the percentage of the fund method."); *In re WorldCom, Inc. Sec. Litig.*, 388 F. Supp. 2d 319, 355 (S.D.N.Y. 2005) ("apply[ing] the percentage method" due, at least in part, to "the PSLRA's express contemplation that the percentage method will be used to calculate attorneys' fees in securities fraud class actions").

294, 306-07 (3d Cir. 2005); *Davis v. J.P. Morgan Chase & Co.*, 827 F. Supp. 2d 172, 184 (W.D.N.Y. 2011); *Johnson v. Brennan*, 2011 WL 4357376, at *14-15 (S.D.N.Y. Sept. 16, 2011).

In sum, the weight of authority suggests that the Tribunal should use the percentage-of-recovery method, with a lodestar cross-check, in determining a reasonable attorneys' fee award. *See In re Bristol-Myers Squibb Sec. Litig.*, 361 F. Supp. 2d 229, 233 (S.D.N.Y. 2005) ("Typically, courts utilize the percentage method and then 'cross-check' the adequacy of the resulting fee by applying the lodestar method."); *Bellifemine v. Sanofi-Aventis U.S. LLC*, 2010 WL 3119374, at *6 (S.D.N.Y. Aug. 6, 2010) ("applying a lodestar 'cross-check'"). As explained below, Lead Counsel's requested 33.33% fee of $7 million is well within the range of percentage fees awarded in comparable class actions and only a 1.2 multiple of the Lead Counsel's lodestar.

III. LEAD COUNSEL'S REQUESTED ATTORNEYS' FEES ARE REASONABLE

A. The Requested Attorneys' Fees are Reasonable Under the Percentage of the Fund Method.

Lead Counsel's 33.33% fee request is "typical" for percentage fees awarded in comparable, complex class actions within the Second Circuit, and the Southern District of New York. *Mohney v. Shelly's Prime Steak, Stone Crab & Oyster Bar*, No. 06 Civ. 4270, 2009 WL 5851465, at *5 (S.D.N.Y. Mar. 31, 2009) (collecting cases awarding over 30% and noting that "Class Counsel's request for 33% of the Settlement Fund is typical in class action settlements in the Second Circuit"); *accord In re Facebook, Inc. IPO Sec. & Derivative Litig.*, 2015 WL 6971424, at *11 (S.D.N.Y. Nov. 9, 2015) (awarding 33% of $26.5 million settlement), *aff'd sub nom. In re Facebook, Inc.*, 674 F. App'x 37 (2d Cir. 2016); *City of Providence v. Aeropostale Inc. et al.,* 2014 WL 1883494, at *4, 20 (S.D.N.Y. May 9, 2014), *aff'd sub nom. Arbuthnot v. Pierson*, 607 F. App'x. 73 (2d Cir. 2015) (awarding 33% of $15 million settlement); *In re Y-mAbs Therapeutics, Inc. Sec. Litig.*, No. 1:23-cv-00431-AS, 2024 WL 5082773, at *4 (S.D.N.Y. Oct. 29, 2024) (awarding 33.33% of $19.65 million settlement); *Hawaii Structural Ironworkers Pension Tr. Fund v. AMC Ent. Holdings, Inc.*, No. 1:18-cv-00299-AJN, ECF No. 230 (S.D.N.Y. Feb. 14, 2022) (awarding one-third of $18 million settlement); *In re Deutsche Bank AG Sec. Litig.*, No. 1:09-cv-01714-GHW-RWL, 2020 WL 3162980, at *1 (S.D.N.Y. June 11, 2020) (awarding 33.33% of $18.5 million settlement).

Indeed, Second Circuit courts regularly award 33.33% or more in cases with substantially larger settlement amounts. *See, e.g., In re Initial Pub. Offering Sec. Litig.*, 671 F. Supp. 2d 467, 516 (S.D.N.Y. 2009) (awarding plaintiffs' counsel 33.33% of the settlement fund of over $510 million); *Pearlstein v. Blackberry Ltd.*, 2022 WL 4554858, at *10-11 (S.D.N.Y. Sept. 29, 2022) (awarding 33.33% of $165 million settlement); *Landmen Partners, Inc. v. Blackstone Grp. L.P.*, No. 08-cv-03601-HB-FM, slip op. at 5 (S.D.N.Y. Dec. 18, 2013) (awarding 33.33% of $85 million settlement); *In re Chi. Bridge & Iron Co. N.V. Sec. Litig*., 2022 WL 3220783, at *1 (S.D.N.Y. Aug. 5, 2022) (awarding 33.33% of $44 million settlement); *Haddock as trustee of Flyte Tool & Die Co., Inc. 401-K Profit Sharing Plan v. Nationwide Life Ins. Co.*, 2015 WL 13942222, at *5 ¶22 (D. Conn. Apr. 9, 2015) (awarding $49 million, 35% of a $140 million settlement).

These 33.33 or higher percentage awards are consistent with considerable data now available showing the percentages that sophisticated corporate plaintiffs, like Altimeo, in contingent class actions and other high-stakes litigation agree *ex ante* to pay counsel in arm's length negotiations: typically, "fixed one-third percentages or even higher escalating percentages based on litigation maturity," with no lodestar or multiplier cap. Brian Fitzpatrick, *A Fiduciary Judge's Guide to Awarding Fees in Class Actions*, 89 Fordham L. Rev. 1151, 1170 (2021).

A 33.33% fee award is particularly appropriate here because of the outstanding settlement result of nearly 20% (19.3%) of the maximum damages—and over 20% of the damages pled in the Demand. (Lieberman Decl. ¶¶96-97.) This is almost triple the 7.3 percentage of damages recovered in the median settlement for cases with total estimated damages ranging from $75 million to $149 million. *See* Laarni T. Bulan & Eric Tam, *Securities Class Action Settlements – 2024 Review and Analysis*, at 6-7 (Cornerstone Research 2025) (Ex. 15).[4] And far greater than the median recovery of 1.5% of estimated damages for all securities class actions in 2025. *See Recent Trends in Securities Class Action Litigation: 2025 Full-Year Review* (NERA Jan. 21, 2026) (Ex. 16).

Moreover, the 20% Settlement achieved here by Lead Counsel far exceeds the percentage of damages realized in the *Qihoo* (5.15%) and *JA Solar* (3.27%) cases involving similar challenges to Chinese Going-Private Mergers. *See Altimeo Asset Management v. Qihoo 360 Tech. Co. Ltd.*, 19-cv-10067-PAE, Dkt. No. 235 at ¶7, *see also id.* Dkt. No. 230 at 12, 15; *ODS Capital LLC v. JA Solar Holdings Co. Ltd.*, 18-cv-12083-ALC, Dkt. No. 131 at ¶7, *see also id.* Dkt. No. 124 at 12-13. To achieve this outstanding result, Lead Counsel worked tirelessly for more than nine years against sophisticated and experienced opposing counsel, expending more than 5,700 hours in attorney time and spending over $1.1 million out-of-pocket, and taking on 100% of the risk in a full contingency fee arrangement with sophisticated clients and pursuing novel common-law theories of liability which were not raised in *Qihoo* and *JA Solar*.[5]

Lead Counsel should, therefore, be awarded their full contingency fee of 33% of the Settlement Fund under the percentage of the recovery method. *See In re Deutsche Bank AG Sec.*

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[4] Cornerstone Research compares the gross amount of the settlement as a percentage of total damages to arrive at its median 7.3% for similar settlements. (Ex. 15 at 6-7.) Using the same methodology, the gross settlement here is 20% of potential damages, almost three times higher. Further, even after subtracting the proposed fees, awards and expenses, the Settlement Class will receive approximately 12% of the potential damages.

[5] *Verardo v. Progressive Casualty Ins. Co.*, No. 22 Civ. 1714 (LGS), 2025 WL 1558336, at *2 (S.D.N.Y. June 2, 2025) (finding 3% upward variance warranted because "[c]ounsel . . . pursu[ed] a novel liability theory" "for which counsel had no prior model or assurance of how a court would react").

Litig., 2020 WL 3162980, at *1 (awarding "Lead Counsel attorneys' fees in the amount of one-third of the Settlement Amount" as "fair, reasonable, and appropriate under the 'percentage of the recovery' method").

B. Lodestar "Cross-Check" Strongly Supports Reasonableness of Fees

A lodestar "cross-check" confirms the reasonableness of the requested fee award. *See Goldberger*, 209 F.3d at 50. The "lodestar" is calculated by multiplying the number of hours expended on the litigation by each particular attorney or paralegal by their current reasonable and customary hourly rate, and totaling the amounts for all time-keepers.[6] Additionally, "[u]nder the lodestar method of fee computation, a multiplier is typically applied to the lodestar." *In re Glob. Crossing Sec. & ERISA Litig.*, 225 F.R.D. 436, 468 (S.D.N.Y. 2004). "The multiplier represents the risk of the litigation, the complexity of the issues, the contingent nature of the engagement, the skill of the attorneys, and other factors." *Id.* (citing *Goldberger*, 209 F.3d at 47); *Savoie v. Merchs. Bank*, 166 F.3d 456, 460 (2d Cir. 1999). Thus, "[w]here, as here, counsel has litigated a complex case under a contingency fee arrangement, they are entitled to a fee in excess of the lodestar." *In re Comverse Tech., Inc. Sec. Litig.*, 2010 WL 2653354, at *5 (E.D.N.Y. June 24, 2010).

Here, Lead Counsel (including attorneys and paralegals) collectively devoted a total of 5,718 hours to the prosecution of this action, resulting in a lodestar of $5,777,748. (Lieberman Fee Decl. ¶4, Ex. A.) Based on a 33.33% fee (equal to $7 million), Lead Counsel's lodestar yields a multiplier of 1.2. This multiplier is well below the range of multipliers commonly awarded in

[6] "Courts use current rates to calculate the lodestar figure to account for the delayed payment and inflation." *McCutcheon v. Colgate-Palmolive Co.*, 2026 WL 444748, at *4 n.2 (S.D.N.Y. Feb. 17, 2026) (approving a lodestar multiplier of 4.92). "[T]he use of current rates to calculate the lodestar figure has been endorsed repeatedly by the Supreme Court, the Second Circuit and district courts within the Second Circuit as a means of accounting for the delay in payment inherent in class actions and for inflation." *In re Hi-Crush Partners L.P. Sec. Litig.*, 2014 WL 7323417, at *15 (S.D.N.Y. Dec. 19, 2014); *Missouri v. Jenkins ex rel. Agyei*, 491 U.S. 274, 283-84 (1989); *LeBlanc-Sternberg v. Fletcher*, 143 F.3d 748, 764 (2d Cir. 1998) ("[C]urrent rates, rather than historical rates, should be applied in order to compensate for the delay in payment.").

securities class actions and other complex litigation by courts in the Southern District of New York – which commonly range from 3.5x to greater than 10x. *See, e.g.*, Order Awarding Attorneys' Fees and Expenses, *In re Doral Fin. Corp. Sec. Litig.*, No. 1:05-md-1706-JSR (S.D.N.Y. July 17, 2007), ECF No. 107 at 5 (awarding fee representing a multiplier of 10.26); *Maley*, 186 F. Supp. 2d at 369 (awarding fee equal to a 4.65 multiplier, which was "well within the range awarded by courts in this Circuit and courts throughout the country"); *Wal-Mart*, 396 F.3d at 123 (upholding multiplier of 3.5 as reasonable on appeal); *In re Colgate-Palmolive Co. ERISA Litig.*, 36 F. Supp. 3d 344, 347, 353 (S.D.N.Y. 2014) (approving lodestar multiplier of 5.2 as "large but not unreasonable"); *McCutcheon v. Colgate-Palmolive Co.*, 2026 WL 444748, at *4-5 (S.D.N.Y. Feb. 17, 2026) (approving a lodestar multiplier of 4.92 as "reasonable"); *Cornwell v. Credit Suisse Grp.*, 2011 WL 13263367, at *2 (S.D.N.Y. July 18, 2011) (awarding multiplier of 4.7); *Davis*, 827 F. Supp. 2d at 185 (awarding multiplier of 5.3, which was "not atypical" in similar cases); *In re Elan Sec. Litig.*, 385 F. Supp. 2d 363, 376 (S.D.N.Y. 2005) (awarding multiplier of 3.47 in light of an early settlement).[7]

The 1.2x multiplier being requested by Lead Counsel here is also significantly lower than the multipliers applied by the courts in the Qihoo and JA Solar class action settlements. In *Qihoo*, the court approved an award of $7,437,500 on a lodestar of $3,377,423—a multiplier of 2.2x. *Altimeo Asset Management v. Qihoo 360 Tech. Co. Ltd.*, 19-cv-10067-PAE, Dkt. No. 235, at ¶¶22-23(f) (S.D.N.Y. August 1, 2024). In *JA Solar*, the court approved an award of $4,200,000 on a

[7] *See also Athale v. Sinotech Energy Ltd.*, 2013 WL 11310686, at *8 (S.D.N.Y. Sept. 4, 2013) (stating that courts routinely award lodestar multipliers of "between four and five"); *In re Interpublic Sec. Litig.*, 2004 WL 2397190, at *12 (S.D.N.Y. Oct. 26, 2004) ("In recent years multipliers of between 3 and 4.5 have been common in federal securities cases."); *Guevoura Fund Ltd. v. Sillerman*, 2019 WL 6889901, at *18 (S.D.N.Y. Dec. 18, 2019) ("[M]ultipliers of between three and four times … have been routinely awarded in this Circuit."); *Asare v. Change Grp. of N.Y., Inc.*, 2013 WL 6144764, at *19 (S.D.N.Y. Nov. 18, 2013) ("Typically, courts use multipliers of 2 to 6 times the lodestar."); *In re Deutsche Telekom AG Sec. Litig.*, 2005 WL 7984326, at *4 (S.D.N.Y. June 14, 2005) (awarding fee representing a 3.96 multiplier).

lodestar of $2,627,135.50—a multiplier of 1.6x. *ODS Capital, LLC v. JA Solar Holdings Co. Ltd.*, No. 18-cv-12083-ALC, Dkt. No. 133 at 2, 4 (S.D.N.Y. July 13, 2023).

In sum, Lead Counsel's requested fee award is well within the range of what courts in the Second Circuit regularly award in class actions such as this one, whether calculated as a percentage of the fund or in relation to Lead Counsel's lodestar. Moreover, as discussed below, each factor used by the Second Circuit in *Goldberger* supports finding that the requested fee is reasonable.

C. Factors Considered by the Second Circuit Confirm that the Requested Fee is Fair and Reasonable

In *Goldberger*, the Second Circuit set forth the following criteria for courts to consider when reviewing a request for attorneys' fees in a common fund case:

> (1) the time and labor expended by counsel; (2) the magnitude and complexities of the litigation; (3) the risk of the litigation; (4) the quality of representation; (5) the requested fee in relation to the settlement; and (6) public policy considerations. *Goldberger*, 209 F.3d at 50.

The Tribunal should consider these factors which demonstrate that the requested fee is fair and reasonable.

i. The Time and Labor Expended by Counsel Support the Requested Fee

The time and effort expended by Lead Counsel in prosecuting the Entire Action and achieving the Settlement supports the requested fee. Among other things, Lead Counsel:

1. Conducted an extensive investigation into E-Commerce China Dangdang Inc. ("Dangdang") and its September 20, 2016 going-private merger (the "Merger"), including a review of filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, and analyst reports concerning Dangdang;

2. Drafted the original Class Action Complaint and Amended Class Action Complaint (the "Complaint"), and the Demand that initiated this Arbitration (the "Demand");

3. Fully-briefed three separate motions to dismiss from Defendants in the District Court, including memoranda of law, expert declarations, and dozens of exhibits;

4. Won two appeals to the Second Circuit of District Court dismissals of this case on *forum non conveniens* grounds;

5. Won a motion to compel arbitration and defeated Defendants' motion to stay arbitration in District Court, after prevailing a second time before the Second Circuit;

6. Won two motions before this Tribunal to compel Respondents to produce core and class certification-related documents, including as to a Cayman appraisal petition;

7. Defeated Respondents' Article 23 motion for early disposition of the Arbitration Proceeding on statute of limitations and timeliness grounds;

8. Won a motion for clause construction resulting in a holding that Respondents consented to class arbitration, after extensive briefing and argument;

9. Defeated Respondents' motion to vacate the clause construction award in the District Court and secured confirmation of the clause construction award;

10. Obtained the discovery of tens of thousands of pages of documents, as part of over 83,000 pages of documents produced and exchanged in this Arbitration Proceeding;

11. Sought and obtained over 2,200 pages of third-party discovery from the New York Stock Exchange ("NYSE"), the Bank of New York Mellon ("BNYM") as depositary, the Depositary Trust Company ("DTC"), and Kroll (Duff & Phelps) among others.

12. Fully-briefed a motion for class certification, including submitting dozens of exhibits and four expert declarations addressing issues of Cayman law and market efficiency;

13. Participated in a full-day mediation session with Respondents before mediator Jed Melnick of JAMS, including drafting and exchanging extensive mediation statements;

14. Prepared for a three-day class certification hearing, including witness preparation, addressing sur-reply papers, and pre-paring sur-sur-reply papers and declarations;

15. Continued post-mediation negotiations with Respondents and mediator Melnick, which resulted in a mediator's proposal agreed upon by all parties; and

16. Finalized the Stipulation, and prepared and filed the Motions for Preliminary and Final Approval of the Settlement. (Lieberman Decl. ¶¶13-73, 122.)

All of this was done while being opposed by premier law firms of Skadden, Arps, Slate, Meagher & Flom, LLP and previously, O'Melveny & Myers, LLP. (*Id*. ¶130.)

This Settlement was only able to be reached after Lead Counsel's repeated successes throughout the litigation. Following the initial dismissals of the Federal Action on *forum non conveniens* grounds, Lead Counsel successfully appealed to the Second Circuit, twice, resulting in the dismissals being vacated and the case being remanded for further proceedings. (Ex. 3, ECF

65, 108.) Lead Counsel proceeded to file the Demand with the AAA and successfully moved to compel arbitration and oppose Respondents' motion to stay arbitration. *Fasano v. Li*, 2023 WL 6292579, *14 (S.D.N.Y. Sept. 27, 2023). Before this Tribunal, Lead Counsel successfully: (i) moved for Clause Construction allowing this matter to proceed as a class action; (ii) opposed Respondents' dispositive motion on statute of limitations grounds before this Tribunal; (iii) opposed Respondents' request for other dispositive motions; (iv) moved to compel production of thousands of documents—including all the documents filed and exchanged in the Cayman Islands Appraisal action. (Lieberman Decl. ¶¶38-55.) Lead Counsel also successfully defeated Respondents' motion to vacate the Clause Construction Award and instead secured confirmation of that Award.

In addition, Lead Counsel prepared and filed a robust Motion for Class Certification and Reply Papers, including four expert declarations and dozens of exhibits, with this Tribunal. Lead Counsel's pending Motion for Class Certification gave the claims more value and led to the Settlement just a few days before the scheduled Class Certification hearing. (*Id.* ¶¶56-65.) Moreover, the legal work related to the Settlement will not end with the Tribunal's approval of the proposed Settlement. Additional hours and resources will be expended petitioning the District Court for confirmation of the Award, assisting Settlement Class Members with their Claim Forms, responding to Settlement Class Members' inquiries, shepherding the claims process to conclusion and overseeing the distribution process. (*Id.* ¶126.) No additional compensation will be sought for this work, other than reimbursement of any additional out of pocket expenses incurred in fulfilling these tasks. *See In re Facebook, Inc. IPO Sec. & Deriv. Litig.*, 2015 WL 6971424, at *10 (S.D.N.Y. Nov. 9, 2015) ("Considering that the work in this matter is not yet concluded for Plaintiffs' counsel who will necessarily need to oversee the claims process, respond to inquiries, and assist Class Members in submitting their Proof of Claims, the time and labor expended by counsel in this matter support a conclusion that a 33% fee award in this matter is reasonable.").

Accordingly, this factor supports the requested fee.

ii. The Risks of Litigation Support the Requested Fee

"[T]he risk of success [is] perhaps the foremost factor to be considered in determining" a reasonable award of attorneys' fees. *Goldberger*, 209 F.3d at 54; *see also Shapiro v. JPMorgan Chase & Co.*, 2014 WL 1224666, at *21 (S.D.N.Y. Mar. 24, 2014) ("The Second Circuit long ago recognized that courts should consider the risks associated with lawyers undertaking a case on a contingent fee basis."); *In re Dairy Farmers of Am., Inc. Cheese Antitrust Litig.*, 80 F. Supp. 3d 838, 847-48 (N.D. Ill. 2015) ("When determining the reasonableness of a fee request, courts put a fair amount of emphasis on the severity of the risk (read: financial risk) that class counsel assumed in undertaking the lawsuit."). This is because "[n]o one expects a lawyer whose compensation is contingent upon his success to charge, when successful, as little as he would charge a client who in advance had agreed to pay for his services, regardless of success. Nor, particularly in complicated cases producing large recoveries, is it just to make a fee depend solely on the reasonable amount of time expended." *City of Detroit v. Grinnell Corp.*, 495 F.2d 448, 470 (2d Cir. 1974), *abrogated on other grounds by Goldberger*, 209 F.3d at 43. In applying this factor, "'litigation risk must be measured as of when the case is filed,' rather than with the hindsight benefit of subsequent events." *Glob. Crossing*, 225 F.R.D. at 467. The many severe risks that Lead Counsel faced in prosecuting this suit more than justify the requested 33.33% fee. (*See,* e.g., Lieberman Decl. ¶¶77-94.)

Numerous courts have recognized that "class actions confront even more substantial risks than other forms of litigation," *Comverse*, 2010 WL 2653354, at *5, and "securities class actions are … notably difficult and notoriously uncertain to litigate*.*" *In re Facebook, Inc., IPO Sec. &*

Derivative Litig., 343 F. Supp. 3d 394, 409 (S.D.N.Y. 2018) ("*In re Facebook II*"), *aff'd sub nom. In re Facebook, Inc.*, 822 F. App'x 40 (2d Cir. 2020); *accord In re Flag Telecom Holds., Ltd. Sec. Litig.,* 2010 WL 4537550, at *27 (S.D.N.Y. Nov 8., 2010) ("Securities class actions such as this are notably difficult and notoriously uncertain.").[8] This case was no exception. From the outset, Lead Counsel understood that they were embarking on a complex, expensive, and potentially lengthy litigation with no guarantee of ever being compensated for the substantial investment of time and money the case would require. In undertaking that responsibility, "plaintiffs' counsel were obligated to assure that sufficient attorney and para-professional resources were dedicated to the prosecution of the Action; counsel also faced the responsibility of advancing litigation and overhead expenses on this case for [more than nine] years." *In re Giant Interactive Grp., Inc. Sec. Litig.*, 279 F.R.D. 151, 164 (S.D.N.Y. 2011). Here, "[u]nlike counsel for Defendants, who are paid substantial hourly rates and reimbursed for their expenses on a regular basis, [Lead Counsel] have not been compensated for any time or expenses since this case began more than [**nine**] years ago." *Flag Telecom*, 2010 WL 4537550, at *27 (emphasis added). Lead Counsel's commitment was substantial (nearly $5.8 million in lodestar and over $1.1 million in expenses), and had they not obtained a recovery, it all could have been lost.

The claims in this case were accompanied by substantial risks. Indeed, the district court in the Federal Action dismissed the case two times on *forum non conveniens* grounds—requiring the action to be brought in a jurisdiction that did not provide for class relief. (Ex. 3, ECF 61, 104.) The Settlement Class's claims are alive only because of Lead Counsel's skill and persistence in

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[8] *See also In re Advanced Battery Techs., Inc. Sec. Litig.*, 298 F.R.D. 171, 177 (S.D.N.Y. 2014) ("Securities class actions present hurdles to proving liability that are particularly difficult for plaintiffs to meet."); *Tchrs.' Ret. Sys. of La. v. A.C.L.N., Ltd.*, 2004 WL 1087261, at *3 (S.D.N.Y. May 14, 2004) ("Little about litigation is risk-free, and class actions confront even more substantial risks than other forms of litigation.")

successfully appealing those rulings, moving to compel arbitration, and repeatedly winning motions and substantial discovery in this Arbitration.

Moreover, this case presents complicated and unique issues for which there is little precedent. Although Lead Counsel successfully opposed Respondents' dispositive motion on statute of limitations grounds, neither the Tribunal nor the Court in the Federal Action, ever issued any final decision on Respondents' merits arguments. In their Answer to the Arbitration, motions to dismiss in the Federal Action, request for Article 23 dispositive motions in the Arbitration, and in their opposition to Class Certification, Respondents have raised numerous novel and complex merits arguments, including whether: (1) New York or Cayman law applies to Claimants' common-law claims; (2) Cayman law Best Price and Sufficient Information duties can support post-Merger-closing class-wide damages, (3) adopting a Sarbanes-Oxley Code of Conduct and NYSE listing standards justifies imposing heightened fiduciary duties on a Cayman company's directors; (4) reliance could be presumed under Cayman or New York law, as Respondents disputed in opposing Class Certification; (5) Claimants could prove loss and transaction causation on a class-wide basis for stockholders forcibly cashed out at an unfair price; (6) Claimants could prove Respondents breached any duties or made material misrepresentations; and (7) the fair value of Dangdang's Securities was greater than the Merger price. (Lieberman Decl. ¶¶31, 78.)

Additionally, even if Claimants could successfully show that Respondents' statements were material and misleading, Claimants would still need to establish scienter to support their fraud claims under New York law and—in the Federal Action—under Rule 10b-5. Although Lead Counsel strongly disagree with Respondents' arguments, had the litigation continued there is no guarantee that the triers of fact would have adopted Lead Counsels' view. Indeed, "scienter is often the most difficult and controversial aspect of a securities fraud claim." *See Fishoff v. Coty Inc.*, 2010 WL 305358, at *2 (S.D.N.Y. Jan. 25, 2010), *aff'd*, 634 F.3d 647 (2d Cir. 2011).

Another substantial risk in the Arbitration is the potential difficulty of establishing loss causation and damages. This case raises especially complicated issues with respect to the central theory of loss causation, namely that investors were induced to cash out their Dangdang Securities at deflated prices for less than fair value as a result of Respondents' actions and misrepresentations—in contrast to the more standard misrepresentation claim that investors bought a company's stock at *inflated* prices. Although Lead Counsel is confident it would ultimately prevail on their theory of loss causation, which must be assessed in the context of going-private transactions, the fact that Respondents asserted that the Settlement Class was not harmed by the Merger at all shows how favorable the $21 million recovery is for the Class.

In addition, even were Claimants to prevail with respect to liability and the existence of damages, the specific amount at issue would be highly contested because it would be based on expert valuations of Dangdang's fair value at the time of the Merger. This "task of enterprise valuation, even for a finance expert, is fraught with uncertainty." *Towerview LLC v. Cox Radio, Inc.*, 2013 WL 3316186, at *23 n.171 (Del. Ch. June 28, 2013); *see also Hicks v. Stanley*, 2005 WL 2757792, at *6 (S.D.N.Y. Oct. 24, 2005) (noting that "'battle of the experts' as to proper methods of valuation . . . creates a significant obstacle to plaintiffs in establishing liability"). Calculating the specific amount of damages would be further complicated by the fact that, (i) unlike the *JA Solar* and *Qihoo* class actions challenging similar Chinese go-private transactions, here no second transaction was consummated which would help in establishing an arm's-length valuation of Dangdang after the Merger, and (ii) there was no judgment in the Cayman Islands appraisal proceeding concerning the Merger finding a fair value amount, just a settlement which is inadmissible in arbitration. These facts would make proving damages substantially more difficult than in similar cases.

Additionally, although Lead Counsel is confident that the Settlement Class meets the requirements for certification, the class has not yet been certified and there is a risk that the Tribunal could disagree. The Settlement Class would face the risk that Respondents would prevail on the arguments they presented in opposition to class certification. Respondents argued that Cayman Islands Law did not provide for fiduciary duties to ADS-holders at all, and that Claimants' fraud and fiduciary duty claims required a showing of reliance for which individual issues would predominate. (Lieberman Decl. ¶¶59, 88.) According to Respondents, if not for their consent to certify the Settlement Class, Claimants would only be able to show reliance by invoking a presumption of reliance on Defendants' false statements. Respondents argued and presented expert testimony challenging Claimants' arguments and expert testimony that there was a presumption of reliance on the grounds that Dangdang ADS were not trading in an efficient market under *Halliburton Co. v. Erica P. John Fund, Inc.,* 573 U.S. 258 (2014) and its progeny. (*Id.* ¶¶88-89.) While it is not unusual for courts to certify securities class actions, the law governing these issues has been in constant flux. Thus, without a settlement, Lead Counsel risked that certification would be denied. And even if the Class were certified, "the class would face the risk of decertification" at a later stage if Claimants did not prove the class-wide nature of their claims through trial. *Chatelain v. Prudential-Bache Sec. Inc.*, 805 F. Supp. 209, 214 (S.D.N.Y. 1992). Thus, the risks surrounding class certification support Settlement approval. *In re GSE Bonds Antitrust Litig.*, 414 F. Supp. 3d 686, 694 (S.D.N.Y. 2019).

Moreover, even had Claimants prevailed on class certification and a near-certain motion for summary judgment/early disposition, substantial risks would still persist, given that many securities cases have been lost at trial, on post-trial motions, or on appeal. For example, in *In re JDS Uniphase Corp. Securities Litigation*, the jury issued a verdict in favor of defendants after five years of litigation. 2007 WL 4788556 (N.D. Cal. Nov. 27, 2007). In *Hubbard v. BankAtlantic Bancorp, Inc.*, the jury issued a verdict on liability in favor of plaintiffs, but the Eleventh Circuit affirmed judgment as a matter of law against the plaintiffs for lack of proof of loss causation. 688 F.3d 713 (11th Cir. 2012). In *Backman v. Polaroid Corp*., the class won a $38 million jury verdict, and a motion for judgment n.o.v. was denied; however, on appeal, the judgment was reversed and the case dismissed, inflicting a total loss after ten years of active litigation. 910 F.2d 10 (1st Cir. 1990); *see also Anixter v. Home-Stake Prod. Co.*, 77 F.3d 1215 (10th Cir. 1996) (overturning plaintiffs' verdict obtained after two decades of litigation); *Berkey Photo, Inc. v. Eastman Kodak Co.*, 603 F.2d 263 (2d Cir. 1979) (reversing $87 million judgment after trial).

Finally, even if Claimants were to have fully prevailed at a final hearing and received a full award in the range of $100 million, Lead Counsel faced substantial risk that they would be unable to collect on such an award, because the Respondents and the vast majority of their assets are in China and there is no well-established method for enforcing U.S. judgments in China. *See Next Invs., LLC v. Bank of China*, 12 F.4th 119, 131–32 (2d Cir. 2021) (describing difficulties of enforcing judgments in China and holding "enforcing the asset restraints would be improper, because the Banks, the accounts, and the affected customers are located in China."); *Chen v. China Green Agric. Inc.*, 2023 WL 5210813, at *1 (S.D.N.Y. Aug. 14, 2023) ("[I]t is extremely hard to collect a judgment in China"). Indeed, the larger the judgment the greater the risk that Respondents would pull up any stakes they had outside of China and move all their assets to China indefinitely.

In short, the contingency fee risk in this case was high and, consequently, this factor militates in favor of the requested fee.

iii. <u>The Magnitude and Complexity of the Action Supports the Requested Fee</u>

Courts repeatedly recognize the "notorious complexity" of securities-related class actions like this. *In re AOL Time Warner, Inc. Sec. & "ERISA" Litig.*, 2006 WL 903236, at *8 (S.D.N.Y. Apr. 6, 2006); *Lea v. TAL Educ. Grp.*, 2021 WL 5578665, at *9 (S.D.N.Y. Nov. 30, 2021) ("Class action suits have a well-deserved reputation as being most complex, and securities class actions are notably difficult and notoriously uncertain[.]"); *La. Mun. Police Emps. Ret. Sys. v. Sealed Air Corp.*, 2009 WL 4730185, at *8 (D.N.J. Dec. 4, 2009) (same). Moreover, "securities actions have become more difficult from a plaintiff's perspective in the wake of the PSLRA," and other changes in the law. *Karcich v. Stuart (In re Ikon Office Sols., Inc. Sec. Litig.)*, 194 F.R.D. 166, 194 (E.D. Pa. 2000); *see also AOL Time Warner*, 2006 WL 903236, at *9 ("[T]he legal requirements for recovery under the securities laws present considerable challenges, particularly with respect to loss causation and the calculation of damages."). And this case is significantly more complex than standard securities class actions because it is a class arbitration under the Supplementary Rules in conjunction with the International Dispute Resolution Procedures of the International Center for Dispute Resolution ("ICDR Rules")—for which few, if any, precedents exist.

Further, as detailed in the Lieberman Declaration and noted above, this matter raises difficult issues concerning—among other things—Respondents' duties to the Settlement Class under Cayman Islands laws and the Sarbanes-Oxley Act, falsity of the relevant statements, Class members' reliance, and scienter, both with respect to the Arbitration and the Federal Action. (Lieberman Decl. ¶¶31, 78-80.) Indeed, the case has already been through two appeals to the Second Circuit and Respondents had started a third appeal to challenge the Tribunal's Clause Construction Award. (*Id*. ¶¶19, 25, 60.) If the Tribunal issued a Class Certification Award in Claimants' favor, Respondents would almost certainly have sought to vacate that award before the District Court and appealed any loss to the Second Circuit. All this is in addition to the complicated issues with respect to Claimants' central theory of loss causation on their misrepresentation claims as it applies to Class Certification—that ADS-holders relied on misrepresentations to forgo their right to seek appraisal. (*Id.* ¶83.)

Prosecuting the Class's claims required expertise, skill and dedication, from extensive expert analysis—on issues related to the application of Cayman Islands Law, damages issues, and issues of U.S. and Chinese M&A and capital markets transactions—to briefing the various motions to dismiss and appeals in the Federal Action, and dispositive motions before the Tribunal.

In addition, the magnitude of this Action is unquestionable. This was a hard-fought, expensive, nine-year litigation, with over a hundred-million dollars of damages at stake, and it required considerable skill and resources to litigate. Consequently, the magnitude and complexity of the litigation support the requested fee. *See City of Providence v. Aeropostale, Inc.*, 2014 WL 1883494, at *16 (S.D.N.Y. May 9, 2014) ("[T]he complex and multifaceted subject matter involved in a securities class action such as this supports the fee request."), *aff'd sub nom. Arbuthnot v. Pierson*, 607 F. App'x 73 (2d Cir. 2015).

iv. The Quality of Representation Supports the Requested Fee

"To determine the 'quality of the representation,' courts review, among other things, the recovery obtained and the backgrounds of the lawyers involved in the lawsuit." *Taft v. Ackermans*, 2007 WL 414493, at *10 (S.D.N.Y. Jan. 31, 2007); *Veeco*, 2007 WL 4115808, at *7. Both factors support the conclusion that a 33.33% fee award in this case is reasonable under the circumstances.

The quality of Lead Counsel's efforts, commitment, and success in providing the Settlement Class with the best possible representation, together with their substantial experience in securities actions, provided the leverage necessary to negotiate the Settlement (Lieberman Decl. ¶¶127, 135; *see also id.* Ex. C to Ex. 17 (Sadis firm resume)). In this litigation, "[n]ot only did

Plaintiffs' Counsel's skill and expertise contribute to the favorable settlement for the class, it contributed to the overall efficiency of the case." *Veeco*, 2007 WL 4115808, at *7.

Additionally, courts have recognized that the quality of the opposition faced by Plaintiffs' Counsel should be taken into consideration in assessing the quality of the counsel's performance. *See, e.g.*, *Veeco*, 2007 WL 4115808, at *7 (fee award supported by fact that defendants were represented by "one of the country's largest law firms"); *In re Adelphia Commc'ns Corp. Sec. & Deriv. Litig.*, 2006 WL 3378705, at *3 (S.D.N.Y. Nov. 16, 2006) ("The fact that the settlements were obtained from defendants represented by formidable opposing counsel from some of the best defense firms in the country also evidences the high quality of lead counsels' work."), *aff'd*, 272 F. App'x 9 (2d Cir. 2008). Here, Respondents were represented by Skadden, Arps, Slate, Meagher & Flom, LLP and previously, O'Melveny & Meyers, LLP, two highly respected law firms with substantial securities class action litigation practices, whose lawyers tenaciously represented the interests of their clients throughout this Action. (Lieberman Decl. ¶137.) Notwithstanding this formidable opposition, Lead Counsel's thorough investigation, ability to present a strong case, and demonstrated willingness to vigorously prosecute the Entire Action, ultimately resulted in the favorable Settlement. (*Id.*) Consequently, this factor supports the requested fee. *See Veeco*, 2007 WL 4115808, at *7 ("That Plaintiffs' Counsel was able to obtain a substantial settlement from these Defendants confirms the quality of Plaintiffs' Counsel's representation … and is a factor in determining the reasonableness of the fee request.").

Moreover, the recovery here is an excellent result for the Settlement Class. (*See* Final Approval Memorandum §II.C.) The $21 million Settlement is 21% of the pled damages, and nearly 20% of the maximum damages—almost *three times higher* than the median settlement percentage of 7.3% for similar class actions with maximum potential damages of $75 million to

$149 million. (Lieberman Decl. ¶¶96-99.) The Settlement is a much higher percentage of damages than the 3.27% recovery in *Qihoo* and 5.15% recovery in *JA Solar*. (*Id.* ¶100.) The recovery here is especially favorable after accounting for the risks of continued litigation.

Weighing "[t]he 'best possible' recovery necessarily assumes Plaintiffs' success on both liability and damages covering the full Class Period alleged in the Complaint as well as the ability of Defendants to pay the judgment." *Maley*, 186 F. Supp. 2d at 365. This dispute has been pending since November of 2016 and could be expected to last several more years had the Settlement not been reached. "While additional years of litigation might well have resulted in a higher settlement or verdict at trial, continued litigation could also have reduced the amount of insurance coverage available and not necessarily resulted in a greater recovery." *In re Blech Sec. Litig.*, 2000 WL 661680, at *5 (S.D.N.Y. May 19, 2000); *see also In re Facebook II*, 343 F. Supp. 3d at 414 ("Because Plaintiffs face serious challenges to establishing liability, consideration of Plaintiffs' best possible recovery must be accompanied by the risk of non-recovery."), *aff'd sub nom. In re Facebook, Inc.*, 822 F. App'x 40 (2d Cir. 2020). And, as noted above, there is a substantial risk that Claimants would not have been able to collect a larger judgment from Respondents in China. *See Chen*, 2023 WL 5210813, at *1 ("[I]t is extremely hard to collect a judgment in China").

The quality of representation therefore supports the requested fee.

v. <u>The Requested Fee is Reasonable in Relation to the Settlement Amount</u>

Courts have interpreted this factor as requiring the review of the fee requested in terms of the percentage it represents of the total recovery. "When determining whether a fee request is reasonable in relation to a settlement amount, the court compares the fee application to fees awarded in similar securities class-action settlements of comparable value." *Comverse*, 2010 WL 2653354, at *3. As discussed in detail in Section III.A, *supra*, the requested 33.33% fee is consistent with percentage fees that courts in the Second Circuit have awarded in comparable complex cases. Accordingly, the requested fee is reasonable in relation to the Settlement.

vi. Public Policy Considerations Support the Requested Fee

"In considering an award of attorney's fees, the public policy of vigorously enforcing the federal securities laws must be considered." *Maley*, 186 F. Supp. 2d at 373. This is because private actions such as this one serve to further the objective of the federal securities laws to protect investors. As the Second Circuit explained, "the need for regulation and control of transactions in securities exchanges … are 'affected with a national public interest.'" *DiRienzo v. Philip Servs. Corp.*, 294 F.3d 21, 33 (2d Cir. 2002) (quoting the Securities Exchange Act of 1934 § 2, 15 U.S.C. § 78b). This is especially true in the case of foreign corporations, such as Dangdang, that come to the United States to access American capital markets.

Indeed, the "[Supreme] Court has long recognized that meritorious private actions to enforce federal antifraud securities laws are an essential supplement to criminal prosecutions and civil enforcement actions brought, respectively, by the Department of Justice and the [SEC]." *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 313 (2007). If the "important public policy [of enforcing the securities laws] is to be carried out, the courts should award fees which will adequately compensate Lead Counsel for the value of their efforts, taking into account the enormous risks they undertook." *Flag Telecom*, 2010 WL 4537550, at *29. As a practical matter, "[l]awsuits such as this one can only be maintained if competent counsel can be retained to prosecute them. This will occur if courts award reasonable and adequate compensation for such services where successful results are achieved." *City of Providence*, 2014 WL 1883494, at *18.

Here, Lead Counsel invested substantial amounts of time and money vigorously pursuing allegedly serious wrongdoing by a publicly traded company that sought out U.S. markets and U.S. capital on the NYSE, and they did so on a fully contingent basis. Had Lead Counsel not done so, the Settlement Class would have received no compensation whatsoever. Accordingly, public policy considerations favor Lead Counsel's attorneys' fee request. *See City of Birmingham Ret. & Relief Sys. v. Credit Suisse Grp. AG*, 2020 WL 7413926, at *3 (S.D.N.Y. Dec. 17, 2020) ("Protecting investors from fraudulent or misleading investments serves the public interest, and Lead Counsel's fees should reflect the important goal of serving as an inducement for lawyers to make similar efforts in the future.") (quoting *Wal-Mart*, 396 F.3d at 96).

D. <u>The Reaction of the Settlement Class to Date Supports the Requested Fee</u>

The reaction of the Settlement Class to date also supports the fee request. Through July 3, 2026, the Claims Administrator has mailed 7,113 copies of the Notice Packet, directly or indirectly, to unique potential Settlement Class Members, informing them that, among other things, Lead Counsel intended to apply to the Court for an award of attorneys' fees in an amount not to exceed 33.33% of the Settlement Fund and up to $1,800,000 in Litigation Expenses. (*See* Declaration of Eric Blow, of Epiq, Regarding (A) Mailing of the Notice; (B) Publication of the Summary Notice; and (C) Report on Requests for Exclusions and Objections, dated July 6, 2026 ("Epiq Decl.") (Ex. 1, ¶¶4-13, 20-22.) Although the time to object to the Fee and Expense Application does not expire until July 21, 2026, to date no objections have been received. (Ex. 1, Epiq Decl. ¶11, 20-21.) Lead Counsel will address any that are submitted in their reply papers, which will be filed on or before August 4, 2026.

Additionally, the requested fee of 33.33% is made with the full support of Claimants as the class representatives. *See* Ex. 19 (Declaration of Joe Fasano); Ex. 20 (Declaration of Bernard Delattre on Behalf of Altimeo). Claimants' endorsement of the fee supports its approval. *See Veeco*, 2007 WL 4115808, at *8 ("[P]ublic policy considerations support the award in this case because the Lead Plaintiff …– a large public pension fund – conscientiously supervised the work of lead counsel and has approved the fee request.").

IV. <u>LEAD COUNSEL'S EXPENSES ARE REASONABLE AND WERE NECESSARILY INCURRED TO ACHIEVE THE BENEFIT OBTAINED</u>

Lead Counsel's fee application includes a request for payment of their Litigation Expenses, which were reasonably incurred and necessary to prosecute the Entire Action. Lead Counsel has incurred $1,101,999.76 in total expenses. (Ex. 17, Lieberman Expense Decl., ¶6.) This amount is well below the $1.8 million cap set forth in the Notice.

Lead Counsel has incurred expenses related to, among other things, arbitrator fees, expert and consultant fees, Cayman Islands' counsel fees, and mediation fees. (*Id*. ¶6, Ex. B thereto.) The expense items are recorded separately by Lead Counsel, and such costs are not duplicated in the firm's hourly rates. It is respectfully submitted that the expenses are properly recoverable by counsel. *See In re China Sunergy Sec. Litig.*, 2011 WL 1899715, at *6 (S.D.N.Y. May 13, 2011) (in a class action, attorneys should be compensated "for reasonable out-of-pocket expenses incurred and customarily charged to their clients, as long as they were 'incidental and necessary to the representation'").

The largest expense is Lead Counsel's share of the AAA's fees, which are plainly necessary and valid fees required to be incurred here. These fees total $604,847.50, or approximately 55% of the total Litigation Expenses.[9] (Ex. 17, Lieberman Expense Decl., ¶6(a).)

The second largest component of expenses relates to the retention of experts in connection with the motion for Class Certification. These fees total $305,977.30, or approximately 27.77% of the total Litigation Expenses. (*Id*. ¶6(b)) Principally, Lead Counsel retained experts in the fields of (a) Cayman Islands and Commonwealth law as it relates to Respondents and ADS-

[9] In addition, Lead Counsel has paid $399,087.50 to the AAA as a deposit against Claimants' share of future Tribunal and AAA fees, which were expected to be significant if the parties did not settle. But based on the current estimate of future Tribunal and AAA fees, Lead Counsel expects that this $399,087.50 deposit amount will not be applied, and will instead be refunded to Lead Counsel by the AAA.

holders; and (b) market efficiency, loss causation, and damages. Mr. Graeme Halkerston a barrister in London and his firm, Wilberforce Chambers, provided two Declarations on the application of Cayman Islands and Commonwealth law to the claims and defenses in this matter, and we working on a third at the time of Settlement. (*Id.* ¶6(b)(i).) Dr. Matthew D. Cain, a Senior Fellow at the New York University School of Law, together with Cleveland Analytics and Fideres Partners, LLP ("Fideres") provided two expert reports on the efficiency of the market for Dangdang ADS during the relevant time period, a theory of damage, and causation. (*Id.* ¶6(b)(ii).)

Lead Counsel also paid $121,623 to Cayman Islands counsel, Harneys, Westwood & Riegels (Cayman), LLP ("Harneys"), or 11% of the total Litigation Expenses, for its role as consulting experts working with Claimants' Cayman Law in the early stages of the investigation and the Federal Action—including for the submission of an expert declaration in opposition to Defendants' first motion to dismiss in the Federal Action. (*Id.* ¶6(c).) The retention of Harneys was necessary to help in preparing the Original Complaint, serving the Cayman Islands and BVI Defendants/Respondents, monitoring the Appraisal action, and responding to Defendants' original motion to dismiss on *forum non conveniens* grounds.

The last large component of expenses, is the $26,427, for Lead Counsel's share of the mediator, Mr. Melnick's fees, for the preparation, full-day of mediation, and follow-up discussions. (*Id.* ¶6(d).) Lead Counsel also incurred fees totaling $18,413 for document discovery hosting, production, and translations from vDiscovery and Transperfect. (*Id.* ¶6(e).)

The other Litigation Expenses for which Lead Counsel seeks payment are the types of expenses that are necessarily incurred in complex international litigation and routinely paid by clients in non-contingent cases. These Litigation Expenses included, among other things: (i) filing fees; (ii) process server fees—including service in China; (iii) work-related transportation and meals; (iv) appellate briefing vendors; (v) asset investigators; and (vi) transcription fees for arguments before the Tribunal and the District Court. (*Id*. ¶6(f)-(l).)

"Courts routinely award such costs." *In re Colgate-Palmolive*, 36 F. Supp. 3d at 353-54 (awarding reimbursement for all expenses, the "lion's share" of which "was for experts" and "mediation"); *See In re Merrill Lynch & Co., Inc. Research Reports Sec. Litig.,* 246 F.R.D. 156, 178 (S.D.N.Y.2007) ("Counsel is entitled to reimbursement from the common fund for reasonable litigation expenses.")

V. THE REQUESTED LEAD CLAIMANT AWARDS ARE REASONABLE

In connection with their request for reimbursement of Litigation Expenses, Lead Counsel also respectfully request compensatory awards of $70,000 for co-lead Claimant Fasano and $140,000 for co-lead Claimant Altimeo to compensate them for the time and effort they expended on behalf of the Settlement Class. (Lieberman Decl. ¶¶120, 152-154.) The Supplementary Rules do not address lead Claimant awards, but such awards have long been commonplace in class actions. *See, e.g.*, *Altimeo Asset Management v. Qihoo 360 Tech. Co. Ltd.*, 19-cv-10067-PAE, Dkt. No. 235 at ¶¶24-25. Similarly, the PSLRA provides that an "award of reasonable costs and expenses (including lost wages) directly relating to the representation of the class" may be made to "any representative party serving on behalf of a class." 15 U.S.C. § 78u-4(a)(4). Indeed, courts in the Second Circuit "routinely award such costs and expenses both to reimburse the named plaintiffs for expenses incurred through their involvement with the action and lost wages, as well as to provide an incentive for such plaintiffs to remain involved in the litigation and to incur such expenses in the first place." *In re Signet Jewelers Ltd. Sec. Litig.*, 2020 WL 4196468, at *22 (S.D.N.Y. July 21, 2020).

Here, as detailed in Claimants respective Declarations, Fasano and Altimeo have been committed to pursuing the Class's claims over the past nine years—and have taken an active and diligent role in so doing. Among other things, Altimeo — an institutional asset manager — through its senior managers (a) reviewed the key pleadings and briefings filed in the Entire Action; (b) regularly consulted with Lead Counsel regarding the progress of and strategy for the case; (c) compiled its trading data and completed its certification in connection with its motion to be appointed Co-Lead Plaintiff; (d) reviewed and gathered thousands of documents for production; (e) worked with Lead Counsel to prepare a declaration in support of class certification; (f) worked with Lead Counsel to prepare to testify at the Class Certification hearing; (g) conferred with Lead Counsel regarding the mediations and settlement negotiations; (h) evaluated and approved the proposed Settlement with Respondents and the plan of allocation; and (i) helped support the Preliminary Approval and Final Approval motions. (Ex. 20, Altimeo Decl. ¶¶6-15.) These efforts provided a significant benefit to the Settlement Class given the expertise of Altimeo's senior managers and their deep knowledge of the going-private transaction for Dangdang that was at the center of this litigation.

Altimeo estimates that its senior managers devoted 755 hours total to these tasks. Based on their knowledge and experience as senior finance professionals, their time is worth over $550 per hour. But Altimeo is requesting that it be compensated $140,000 for these efforts, which comes out to a reduced rate of $185.43 per hour for the time that its senior managers spent on this matter. (*Id.* ¶¶18-19.) Altimeo's $140,000 award is justified based on the extraordinary amount of time and effort it put into monitoring this case over nine years, which is more than twice the time it expended in monitoring the much shorter *Qihoo* class action. (*Id.* ¶¶14, 16.) In *Qihoo*, Altimeo expended less than half of the hours it dedicated to this, far longer action. The Tribunal should reimburse Altimeo in this action at the same effective rate for its time as the *Qihoo* case – where less than half the time supported a $60,000 compensatory award. Altimeo putting in more than twice the amount of work justifies a compensatory amount of more than twice as much, *i.e.*, $140,000.

Likewise, as set forth in his declaration, Fasano has been committed to pursuing the claims of the Settlement Class since he worked with Lead Counsel to file the original Complaint in the Federal Action in November 2016, complying with all of the demands placed upon him throughout the litigation and settlement of the Entire Action. (Ex. 19, Fasano Decl. ¶¶6-14.) Fasano took an active role throughout the litigation, including (a) reviewing the key pleadings and briefings filed in the Entire Action; (b) regularly consulting with Lead Counsel regarding the progress of and strategy for the case; (c) compiling his trading data and completing his certification in connection with his motion to be appointed Co-Lead Plaintiff; (d) reviewing and gathering documents for production; (e) working with Lead Counsel to prepare a declaration in support of class certification; (f) working with Lead Counsel to prepare to testify at the Class Certification hearing; (g) conferring with Lead Counsel regarding the mediations and settlement negotiations; (h) evaluating and approving the proposed Settlement with Respondents and the plan of allocation; and (i) helping support the Preliminary Approval and Final Approval motions. (*Id*.) Altogether, Fasano conservatively estimates that he spent 441 hours working on the Entire Action over a nearly ten years. (*Id*. ¶14.) His effective hourly rate exceeds $160 per hour. (*Id*. ¶15) Fasano is therefore requesting that he be compensated as co-lead Claimant in the amount of $70,000. (*Id*.)

Consequently, Lead Counsel respectfully request that the Court grant Plaintiffs' request for reimbursement of their "reasonable costs and expenses incurred in managing this litigation and representing the Class." *In re Marsh & McLennan Cos. Sec. Litig*, 2009 WL 5178546, at *21 (approving $215,000 total award to two lead plaintiffs); *In re Petrobras Sec. Litig.*, 317 F. Supp. 3d 858, 873 (S.D.N.Y. 2018) (awarding $300,000 to lead plaintiff and $100,000 to named plaintiffs where their work performed "was beneficial to the class and included reviewing drafts of the complaints, responding to defendants' interrogatories and document requests, producing responsive documents," and "providing oversight of the mediation and settlement process"), *aff'd*, 784 F. App'x 10 (2d Cir. 2019); *In re Bank of Am. Corp. Sec.*, Deriv*., & ERISA Litig*., 772 F.3d 125, 132 (2d Cir. 2014) (affirming award of approximately $453,000 to representative plaintiffs).

CONCLUSION

For the foregoing reasons, Lead Counsel respectfully requests that the Tribunal grant (i) Lead Counsel's motion for (1) an award of attorneys' fees of 33.33% of the Settlement Common Fund, *i.e.*, $7 million plus *pro rata* interest, (2) reimbursement of $1,101,999.76 in out-of-pocket expenses, and (3) compensatory awards of $140,000 for Altimeo and $70,000 for Fasano for their extraordinary work monitoring this action for over nine years. Lead Counsel will submit a proposed order with the reply papers, after the deadline for objections has passed.

Dated: New York, NY[10]
July 7, 2026

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[10] Pages 1, 3, 9, 16, 27-28, and 32 are as revised on July 23, 2026, to distinguish actual and estimated AAA fees from unapplied deposits.