

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LEONARD SOKOLOW, Individually and on	)	Case No. 1:18-cv-01039
Behalf of All Others Similarly Situated,	)	
	)	Hon. Judge Robert M. Dow, Jr.
Plaintiff,	)	
	)	
vs.	)	
	)	
LJM FUNDS MANAGEMENT, LTD., et al.,	)	
	)	
Defendants.	)	
	)	
	)	

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**REPLY MEMORANDUM OF LAW IN FURTHER SUPPORT OF (I) LEAD  
PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT  
AND PLAN OF ALLOCATION AND (II) LEAD COUNSEL'S MOTION FOR AN  
AWARD OF ATTORNEYS' FEES, EXPENSES, AND AN AWARD TO LEAD  
PLAINTIFFS PURSUANT TO 15 U.S.C. §77z-1(a)(4)**

Lead Plaintiffs Justin and Jenny Kaufman, Dr. Larry and Marilyn Cohen, Joseph N. Wilson, Tradition Capital Management LLC, and SRS Capital Advisors, Inc. (collectively, “Lead Plaintiffs”), on behalf of themselves and all other members of the proposed Settlement Class, and Lead Counsel respectfully submit this memorandum of law in further support of (i) Lead Plaintiffs’ Motion for Final Approval of Partial Settlement and Plan of Allocation (ECF No. 203) and (ii) Lead Counsel’s Motion for an Award of Attorneys’ Fees and Expenses and an Award to Lead Plaintiffs Pursuant to 15 U.S.C. §77z-1(a)(4) (ECF No. 204) (the “Motions”).<sup>1</sup>

## I. PRELIMINARY STATEMENT

The Motions should be granted because the notice period has confirmed that the Settlement, Plan of Allocation, and requested fee and expense awards have the support of not only the Court-appointed Lead Plaintiffs, but also the Settlement Class.

Pursuant to the Preliminary Approval Order (ECF No. 197), a total of 64,106 notice packets have been mailed to potential Settlement Class Members or their nominees. *See* Supplemental Declaration of Michael McGuinness Regarding: (A) Mailing of the Notice and Claim Form; (B) Claims Received to Date; and (C) Requests for Exclusion and Objections, dated December 10, 2019, at ¶ 3, filed herewith (“Supp. Mailing Decl.”). The November 27, 2019 deadline for objections and requests for exclusion from the Settlement Class has passed. There have been *no objections* to any aspect of the \$12.85 million all-cash Settlement, the proposed Plan of Allocation, Lead Counsel’s fee and expense requests, or Lead Plaintiffs’ request pursuant to 15 U.S.C. §77z-1(a)(4). In addition, only a small number of members of the Settlement Class – representing less than 0.15% of the shares outstanding – have requested exclusion. Significantly, no large institutional investor has requested exclusion. This positive reaction of

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<sup>1</sup> All capitalized terms not otherwise defined herein have the same meaning as those in the Stipulation and Agreement of Partial Settlement, dated August 19, 2019, ECF No. 192 (the “Stipulation”).

the Settlement Class confirms that the Settlement, the Plan of Allocation, and the requested fee and expense awards are fair and reasonable and should be approved.

## **II. THE REACTION OF THE SETTLEMENT CLASS SUPPORTS FINAL APPROVAL**

In their opening briefs, Lead Plaintiffs and Lead Counsel demonstrated that the Settlement, Plan of Allocation, Lead Counsel's fee and expense request, and the Individual Lead Plaintiffs' request, should be approved pursuant to the factors set forth in Rule 23(e)(2), Seventh Circuit authority, and the PSLRA. *See* ECF Nos. 202 & 204. This conclusion has been further confirmed by the positive reaction of the Settlement Class.

Pursuant to the Court's Preliminary Approval Order, the Claims Administrator has mailed 64,106 copies of the notice packet to potential Settlement Class Members. *See* Supp. Mailing Decl. at ¶ 3. The Notice informed Settlement Class Members of the terms of the proposed Settlement and Plan of Allocation, and that Lead Counsel would apply for an award of attorneys' fees in an amount not to exceed 28% of the Settlement Fund and payment of litigation expenses in an amount not to exceed \$100,000 (including awards to the Lead Plaintiffs pursuant to 15 U.S.C. §77z-1(a)(4)). The Notice also apprised Settlement Class Members of their right to object, by November 27, 2019, to the proposed Settlement, the Plan of Allocation, the request for attorneys' fees and payment of litigation expenses, and/or the request for awards to Lead Plaintiffs.

Copies of the Notice, Claim Form, Stipulation, Preliminary Approval Order, and other case-related documents were posted on [www.LJMFundsSecuritiesSettlement.com](http://www.LJMFundsSecuritiesSettlement.com). *See* ECF No. 209-5 at ¶ 16. Further, on September 19, 2019, the Claims Administrator published the Summary Notice in *The Wall Street Journal* and released it over the internet via *PR Newswire* (*id.* at ¶ 13), informing readers of the proposed Settlement, how to obtain copies of the notice

packet, and the deadlines for the submission of Claim Forms, objections, and exclusion requests.

On November 13, 2019, pursuant to the schedule approved by the Court in the Preliminary Approval Order, Lead Plaintiffs and Lead Counsel filed their opening papers in support of the Motions. Those papers—which are available on the public docket (*see* ECF Nos. 202 through 209), the settlement website, and Lead Counsel’s firms’ websites—described Lead Plaintiffs’ and Lead Counsel’s views of the Settlement, work performed in this litigation, the strengths and weaknesses of the claims, and the fee and expense award requested.

Following this extensive notice program, ***no Settlement Class Member objected*** to any aspect of the Settlement, Plan of Allocation, Lead Counsel’s request for an award of attorneys’ fees and payment of litigation expenses, or the Individual Lead Plaintiffs’ request for an award pursuant to 15 U.S.C. §77z-1(a)(4). This positive reaction confirms that the Motions should be approved, particularly since the Settlement Class includes sophisticated institutional investors. *See, e.g., Wong v. Accretive Health, Inc.*, 773 F.3d 859, 863 (7th Cir. 2014) (instructing district courts to consider “the reaction of members of the class to the settlement” and affirming fee award over single objection); *Silverman v. Motorola Sols.*, 739 F.3d 956, 959 (7th Cir. 2013) (noting lack of objection by institutional investors in affirming requested fee); *Arango v. Landry’s, Inc.*, No. 12-CV-9354, 2015 WL 5673878, at \*2 (N.D. Ill. Aug. 27, 2015) (“No objections to the Settlement were made by the Class Members, and this fact likewise supports approval.”); *Retsky Family Ltd. P’ship v. Price Waterhouse LLP*, No. 97-CV-7694, 2001 WL 1568856, at \*3 (N.D. Ill. Dec. 10, 2001) (“The absence of objection to a proposed class settlement is evidence that the settlement is fair, reasonable and adequate.”) (citation omitted).

Similarly, only 36 potential members of the Settlement Class have requested exclusion, representing 106,604 shares, which is less than 0.15% of the approximately 73 million shares

estimated to be outstanding at the end of the Class Period and less than 0.06% of the Notices mailed. This limited number of requests for exclusion also reflects the Settlement Class's support for the Settlement, Plan of Allocation, and requested fee and expense awards. *See In re: Sears, Roebuck & Co. Front-loading Washer Prods. Liab. Litig.*, No. 06 C 7023, 2016 WL 772785, at \*11 (N.D. Ill. Feb. 29, 2016) (holding that where three class members objected and 59 class members chose to opt out, "[t]he small number of class members who objected or opted out further [supports] the fairness and reasonableness of the settlement") (citation omitted); *Schulte v. Fifth Third Bank*, 805 F. Supp. 2d 560, 586 (N.D. Ill. 2011) (approving settlement where "only 342 Class Members excluded themselves from the settlement and only 15 Class Members submitted documents that could be considered objections") (citation omitted).

### III. CONCLUSION

Thus, for the reasons set forth above and in Lead Plaintiffs' and Lead Counsel's November 13, 2019 submissions, Lead Plaintiffs and Lead Counsel respectfully request that the Court enter the (i) proposed Final Order and Judgment as to Settling Defendants; (ii) proposed Order Approving Plan of Allocation; and (iii) proposed Order Awarding Attorney's Fees and Expenses and an Award to Individual Lead Plaintiffs Pursuant to 15 U.S.C. §77z-1(a)(4).

DATED: December 11, 2019

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on December 11, 2019, I caused the foregoing document to be electronically filed, using the Court's CM/ECF system, which will cause the document to be sent electronically to the registered participants as identified on the attached Electronic Mail Notice List.

*/s/ James W. Johnson* \_\_\_\_\_

James W. Johnson

**Mailing Information for a Case 1:18-cv-01039**  
**Sokolow v. LJM Funds Management, Ltd. et al.**  
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#### Manual Notice List

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- (No manual recipients)