UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

IN RE CRONOS GROUP INC. SECURITIES LITIGATION	Civil Action No. 2:20-cv-01310-ENV-JMW

MEMORANDUM OF LAW IN SUPPORT OF LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF EXPENSES

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Court-appointed Lead Counsel, Labaton Keller Sucharow LLP ("Labaton" or "Lead Counsel"), respectfully submits this memorandum of law in support of its motion, on behalf of itself and Schall, Brown & Schwartz LLP ("Plaintiff's Counsel")[1], for an award of attorneys' fees in the amount of 33% of the Settlement Fund. Lead Counsel also seeks payment of $ $146,983.05, plus accrued interest, in Litigation Expenses that it reasonably incurred in prosecuting the Action, as well as $20,000 as reimbursement to Lead Plaintiff Keith D. Norman, directly related to the time he dedicated to representing the Settlement Class, as authorized by the Private Securities Litigation Reform Act of 1995 (the "PSLRA").

PRELIMINARY STATEMENT

As set forth in the Stipulation, the proposed Settlement, if approved by the Court, will resolve this case in its entirety in exchange for a $10 million (USD) cash payment. The recovery represents a favorable result for the Settlement Class as it provides substantial, near-term compensation to Settlement Class Members, while avoiding the risks associated with pursuing the Action through further dispositive motion practice, class certification briefing, trial, and the inevitable appeals that would follow. In litigating the Action, Plaintiff's Counsel worked diligently on behalf of the class and expended extensive time and resources to ensure the best possible recovery for class members, all without any guarantee of recovery and compensation.

As detailed in the Declaration of Jake Bissell-Linsk,[2] submitted herewith, Plaintiff's Counsel, among other things, conducted a rigorous investigation into the claims and defenses at

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[1] Schall, Brown & Schwartz LLP was formerly known as The Schall Law Firm.

[2] Lead Counsel is simultaneously filing the Declaration of Jake Bissell-Linsk in Support of (I) Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Expenses, dated October 15, 2026 (the "Bissell-Linsk Declaration") (cited herein as "¶"). Capitalized terms have the

issue; prepared a detailed amended complaint; overcame dismissal of the Action in response to Defendants' motion to dismiss by successfully moving for reconsideration; and consulted with experts in the fields of the cannabis industry, accounting, damages and loss causation. Plaintiff's Counsel also engaged in extensive settlement negotiations with experienced defense counsel, which included the exchange of mediation briefing and participation in a mediation session before a nationally recognized Mediator—Robert Meyer of JAMS. In total, Lead Counsel invested 2,016.4 hours, all on a contingency basis with no assurance of ever being paid. This dedication and effort have resulted in a favorable cash recovery for the Settlement Class.

Against this backdrop, Lead Counsel requests a fee of 33% of the Settlement Fund, payment of Lead Counsel's Litigation Expenses in the amount of $146,983.05, plus accrued interest, and reimbursement of $20,000 to Lead Plaintiff for the time and resources he dedicated to representing the class, pursuant to the PSLRA. As demonstrated below, the fee request is within the range of attorneys' fees typically awarded in securities class actions of this size, and the fee and expense requests are well supported by both case law and the facts of this case.

The fee and expense request has the full support of Lead Plaintiff. *See* Declaration of Keith D. Norman (Ex. 1, ¶¶2, 8, 12). Lead Plaintiff is a sophisticated individual investor who supervised the Action and has endorsed the requested fee as fair and reasonable in light of the result achieved, the quality of the work counsel performed, and the risks of the litigation. Moreover, to date, there have been no objections to the request for fees or expenses. *See*

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meanings given to them in the Bissell-Linsk Declaration or the Stipulation and Agreement of Settlement, dated December 2, 2025 (ECF No. 78-3) (the "Stipulation").

All exhibits referenced below are attached to the Bissell-Linsk Declaration. For clarity, citations to exhibits that themselves have attached exhibits will be referenced as "Ex. ___ - ___." The first numerical reference is to the designation of the entire exhibit attached to the Declaration and the second alphabetical reference is to the exhibit designation within the exhibit itself.

Declaration of Kathleen Brauns on behalf of A.B. Data, Ltd., dated October 14, 2026 ("Mailing Decl."), filed herewith as Ex. 2.

For the following reasons, Lead Counsel respectfully submits that its efforts and the results achieved in this Action justify the requested fees and expenses.

ARGUMENT

I. THE REQUESTED FEE WOULD BE REASONABLE UNDER EITHER THE PERCENTAGE OR LODESTAR METHOD

The Supreme Court has emphasized that private securities actions are "an essential supplement to criminal prosecutions and [SEC] civil enforcement actions…." *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 313 (2007); *accord Bateman Eichler, Hill Richards, Inc. v. Berner*, 472 U.S. 299, 310 (1985) (private securities actions provide "a most effective weapon in the enforcement" of the securities laws and are "a necessary supplement to [SEC] action"). Compensating counsel for bringing these actions is important because "[s]uch actions could not be sustained if plaintiffs' counsel were not to receive remuneration from the settlement fund for their efforts on behalf of the class." *Hicks v. Morgan Stanley*, 2005 WL 2757792, at *9 (S.D.N.Y. Oct. 24, 2005); *In re N. Dynasty Minerals Ltd. Sec. Litig.*, 2024 WL 308242, at *15 (E.D.N.Y. Jan. 26, 2024) ("[C]ourts in this Circuit have recognized the importance of private enforcement actions and the corresponding need to incentivize attorneys to pursue such actions on a contingency fee basis.").[3]

In the Second Circuit, courts "may award attorneys' fees in common fund cases under either the 'lodestar' method or the 'percentage of the fund' method." *McDaniel v. Cnty. of Schenectady*, 595 F.3d 411, 417 (2d Cir. 2010). "[W]hether calculated pursuant to the lodestar or the percentage method, the fees awarded in common fund cases may not exceed what is

[3] All internal quotations and citations are omitted unless otherwise stated.

'reasonable' under the circumstances." *Goldberger v. Integrated Res., Inc.*, 209 F.3d 43, 47 (2d Cir. 2000).

In this case, the requested fee award—33% of the Settlement Fund—is well supported under either the "percentage" or "lodestar" method, given the circumstances here.

A. The Requested Attorneys' Fee Would Be Reasonable Under the Percentage-of-the-Fund Method

Lead Counsel respectfully submits that the Court should award a fee based on a percentage of the common fund obtained. Courts have recognized that, in addition to providing just compensation, "awards of fair attorneys' fees from a common fund should also serve to encourage skilled counsel to represent those who seek redress for damages inflicted on entire classes of persons, and to discourage future alleged misconduct of a similar nature." *City of Providence v. Aeropostale Inc.*, 2014 WL 1883494, at *11 (S.D.N.Y. May 9, 2014), *aff'd sub nom*, *Arbuthnot v. Pierson,* 607 F. App'x. 73 (2d Cir. 2015).

The Second Circuit has approved the percentage method, recognizing that the "trend in this Circuit is toward the percentage method" and that the method "directly aligns the interests of the class and its counsel and provides a powerful incentive for the efficient prosecution and early resolution of litigation." *Wal-Mart Stores, Inc. v. Visa U.S.A. Inc.*, 396 F.3d 96, 121 (2d Cir. 2005); *see also Goldberger v. Integrated Res., Inc.,* 209 F.3d 43 48-50 (2d Cir. 2000) (either percentage of fund method or lodestar method may be used to determine fees, but noting the "lodestar method proved vexing" and results in "inevitable waste of judicial resources"); *In re MetLife Demutualization Litig*., 689 F. Supp. 2d 297, 358 (E.D.N.Y. 2010) ("[T]he trend among district courts in the Second Circuit is to award fees according to the percentage-of-the-fund method, rather than the lodestar method."); *In re Telik, Inc. Sec. Litig*., 576 F. Supp. 2d 570, 586 & n.7 (S.D.N.Y. 2008) ("[T]here is a strong consensus – both in this Court and across the

country – in favor of awarding attorneys' fees in common fund cases as a percentage of recovery.).[4]

B. The Requested Fees Have Been Awarded in Comparable Cases Within the Second Circuit

The 33% fee requested is within the range of percentage fees awarded in the Second Circuit in complex class action cases. "District courts within the Second Circuit routinely approve attorneys' fees awards of one third or 33 1/3% as reasonable." *In re Tenaris S.A. Sec. Litig.*, 2024 WL 1719632, at *10 (E.D.N.Y. Apr. 22, 2024); *see also Macedonia Church v. Lancaster Hotel, LP*, 2011 WL 2360138, at *14 (D. Conn. June 9, 2011) ("Class Counsel's request for 33-1/3% of the Settlement Fund is typical in class action settlements in the Second Circuit."); *Gay v. Tri-Wire Eng'g Sols., Inc.*, 2014 WL 28640, at *11 (E.D.N.Y. Jan. 2, 2014) ("[D]istrict courts in this Circuit have routinely upheld attorney's fees awards of 30% to 33-1/3% in class action cases where a counsel's fee award was entirely contingent on success, and have occasionally approved greater attorney's fees awards"); *Mohney v. Shelly's Prime Steak, Stone Crab & Oyster Bar*, 2009 WL 5851465, at *5 (S.D.N.Y. Mar. 31, 2009) ("Class Counsel's request for 33% of the Settlement Fund is typical in class action settlements in the Second Circuit.").

District Courts within the Second Circuit routinely award attorney's fees of 33% in comparably sized securities class action settlements. *See, e.g.*, *In re Y-mAbs Therapeutics, Inc.*

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[4] The percentage of the fund method is also "consistent with the PSLRA, which expressly provides that class counsel are entitled to attorneys' fees that represent a 'reasonable percentage' of the damages recovered by the class." *In re Hi-Crush Partners L.P. Sec. Litig.*, 2014 WL 7323417, at *12 (S.D.N.Y. Dec. 19, 2014) (citing 15 U.S.C. § 78u-4(a)(6)). Indeed, "[t]he text of the PSLRA also contemplates using the percentage method, as it provides that '[t]otal attorneys' fees and expenses awarded by the court to counsel for the plaintiff class shall not exceed a reasonable percentage of the amount' recovered for the class." *Guevoura Fund Ltd. v. Sillerman*, 2019 WL 6889901, at *15 (S.D.N.Y. Dec. 18, 2019) (citing 15 U.S.C. § 78u–4(a)(6)).

Sec. Litig., 2024 WL 5082773, at *4 (S.D.N.Y. Oct. 29, 2024) (awarding 33.3% of $19.65 million settlement); *In re XL Fleet Corp. Sec. Litig.*, 2024 WL 1884483, at *1 (S.D.N.Y. Apr. 30, 2024) (awarding 33 1/3% of $19.5 million settlement); *In re Deutsche Bank AG Sec. Litig.*, 2020 WL 3162980, at *1 (S.D.N.Y. June 11, 2020) (awarding 33 1/3% of $18.5 million settlement); *City of Providence*, 2014 WL 1883494, at *10 (awarding 33% of $15 million settlement); *In re Ubiquiti Networks Inc. Sec. Litig.*, 2020 WL 13548408, at *4 (S.D.N.Y. Mar. 27, 2020) (awarding $5 million (33 1/3%) of $15 million settlement); *Merryman v. Citigroup, Inc.*, No. 15-cv-09185, slip op. at 2-3 (S.D.N.Y. July 15, 2019), ECF No. 163 (awarding 33 1/3% of $14.75 million settlement) (Ex. 4)[5]; *Gruber v. Gilbertson*, 647 F. Supp. 3d 100, 127 (S.D.N.Y. 2022) (awarding one-third of $13.95 million settlement); *Nguyen v. NewLink Genetics Cor*p., 2021 WL 9409859, at *1 (S.D.N.Y. Sep. 22, 2021) (awarding 33 1/3% of $13.5 million settlement); *In re CarLotz, Inc. Sec. Litig.*, 2025 WL 1873442, at *3 (S.D.N.Y. July 7, 2025) (awarding 33 1/3% of $13 million settlement); *Martínek v. Amtrust Fin. Servs., Inc.*, 2022 WL 16960903, at *1-2 (S.D.N.Y. Nov. 16, 2022) (awarding 33.33% of $13 million settlement); *In re Jernigan Cap., Inc. Sec. Litig.*, No. 1:20-cv-09575-JLR-KHP, slip op. at 1-2 (S.D.N.Y. May 29, 2025) (awarding 33 1/3% of $12 million settlement), ECF No. 154 (Ex. 4); *Maley v. Del Glob. Techs. Corp.*, 186 F. Supp. 2d 358, 374 (S.D.N.Y. 2002) (awarding 33 1/3% of the $11.5 million settlement); *In re Arrival SA Sec. Litig.*, 2026 WL 816654, at *3 (E.D.N.Y. Mar. 25, 2026) (awarding one-third of $11.275 million settlement); *In re HUB Cyber Sec. Ltd.*, 2026 WL 2151071, at *1 (S.D.N.Y. July 27, 2026) (awarding 33 1/3% of $11 million settlement); *In re Winstar Commc'ns. Sec. Litig.*, No. 1:01-cv-03014-GBD, slip op. (S.D.N.Y. Nov. 13, 2013),

[5] All unreported slip opinions and excerpts from cited briefs are submitted in a compendium, which is Exhibit 4 to the Bissell-Linsk Declaration.

ECF No. 363 (awarding 33.33% of $10 million settlement) (Ex. 4); *In re Tenaris S.A. Sec. Litig.*, 2024 WL 1719632, at *8, 11-12 (awarding 33 1/3% of $9.5 million settlement); *In re PPDAI Grp. Inc. Sec. Litig.,* 2022 WL 198491, at *15 (E.D.N.Y. Jan. 21, 2022) (awarding one-third of $9 million settlement); *see also Kelwin Inkwel, LLC v. PNC Merch. Servs. Co., L.P.*, 2022 WL 3127633, at *4 (E.D.N.Y. Apr. 12, 2022) (awarding 33.3% of $10 million in consumer class action settlement).

Indeed, awards of 33% are also regularly awarded with larger settlements in courts within the Second Circuit. *See, e.g.*, *In re Perrigo Co. PLC Sec. Litig*., 2022 WL 500913, at *1 (S.D.N.Y. Feb. 18, 2022) (awarding 33 1/3% of $31.9 million settlement); *In re Cnova N.V. Sec. Litig*., 2018 WL 11447878, at *3 (S.D.N.Y. Mar. 20, 2018) (awarding 33 1/3% of $28.5 million settlement); *Landmen Partners, Inc. v. Blackstone Grp. L.P.*, 2013 WL 11330936, at *3 (S.D.N.Y. Dec. 18, 2013) (awarding 33.33% of $85 million settlement); *In re Chicago Bridge & Iron Co. N.V. Sec. Litig.*, 2022 WL 3220783, at *1 (S.D.N.Y. Aug. 5, 2022) (awarding 33 1/3% of $44 million settlement).

Accordingly, it is respectfully submitted that the requested fee is comparable to fees frequently awarded within the Second Circuit.

C. The Requested Attorneys' Fee Would Be Reasonable Under the Lodestar Method

To ensure the reasonableness of a fee awarded under the percentage-of-the-fund method, the Second Circuit encourages district courts to "cross-check" the proposed award against counsel's lodestar. *Wal-Mart Stores Inc. v. Visa USA Inc.*, 396 F.3d 96, 123 (2d Cir. 2005) (quoting *Goldberger*, 209 F.3d at 50); *In re Signet Jewelers Ltd. Sec. Litig*., 2020 WL 4196468, at *16 (S.D.N.Y. July 21, 2020) (same).

"[F]ees representing multiples above the lodestar are regularly awarded to reflect the contingency-fee risk and other relevant factors." *In re Signet Jewelers Ltd. Sec. Litig.*, 2020 WL 4196468, at *16; *In re Comverse Tech., Inc. Sec. Litig.*, 2010 WL 2653354, at *5 (E.D.N.Y. June 24, 2010) ("Where, 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 FLAG Telecom Holdings, Ltd. Sec. Litig.*, 2010 WL 4537550, at *26 (S.D.N.Y. Nov. 8, 2010) ("[A] positive multiplier is typically applied to the lodestar in recognition of the risk of the litigation, the complexity of the issues, the contingent nature of the engagement, the skill of the attorneys, and other factors[.]").

Here, Lead Counsel has spent more than 2,016.4 hours of attorney and other professional staff time litigating this complex securities case. *See* Declaration of Jake Bissell-Linsk on behalf of Labaton Keller Sucharow LLP ("Fee and Expense Decl."), Ex. 5-A. Lead Counsel's lodestar, derived by multiplying the hours spent by each attorney and other professional by their standard "current" hourly rates, is $1,512,109.50. *Id.*[6] This lodestar is based on Lead Counsel's current hourly rates, which are comparable to those in the legal community for similar services by attorneys of reasonably comparable skill, experience, and reputation. "[P]erhaps the best indicator of the 'market rate' in the New York area for plaintiffs' counsel in securities class actions is to examine the rates charged by New York firms that *defend* class actions on a regular basis." *Telik*, 576 F. Supp. 2d at 589; *Luciano v. Olsten Corp.*, 109 F.3d 111, 115 (2d Cir. 1997) ("[t]he 'lodestar' figure should be in line with those [rates] prevailing in the community for similar services by lawyers of reasonably comparable skill, experience, and reputation"). The

[6] The Supreme Court and other courts have held that the use of current rates is proper since such rates compensate for inflation and the loss of use of funds. *See Missouri v. Jenkins*, 491 U.S. 274, 283-84 (1989).

rates of Lead Counsel here range from $975 to $1,450 per hour for partners, $825 to $1,025 per hour for of counsels, and $400 to $675 for associates. *See* Ex. 5-A. Sample defense firm rates in 2025, gathered by Labaton annually from fee applications in bankruptcy court filings nationwide, often exceeded these rates. ¶100; Ex. 6.

The requested fee of 33% of the Settlement Fund, *i.e.,* $3,300,000, plus accrued interest, would represent a multiplier of 2.2 of Lead Counsel's lodestar. Such a multiplier is within the parameters used throughout courts within the Second Circuit and, as discussed herein, has been well-earned. "In complex litigation, lodestar multipliers between 2 and 5 are commonly awarded, and fee awards resulting in multipliers as high as 6 have also been approved." *In re Signet Jewelers Ltd. Sec. Litig.*, 2020 WL 4196468, at *16; *see, e.g.*, *Wal-Mart Stores Inc.*, 396 F. 3d at 123 (upholding a multiplier of 3.5 as reasonable on appeal); *Christine Asia Co., v. Yun Ma*, 2019 WL 5257534, at *19 (S.D.N.Y. Oct. 16, 2019) (awarding fee representing a 2.15 multiplier, which court found to be "well within the range commonly awarded in securities class actions of this complexity and magnitude"); *Velez v. Novartis Pharm. Corp.*, 2010 WL 4877852, at *23 (S.D.N.Y. Nov. 30, 2010) (recognizing a "multiplier of 2.4 times the hourly fees already incurred.... [as] well within (indeed, at the lower end) of the range of multipliers accepted within the Second Circuit."); *In re Bisys Sec. Litig.*, 2007 WL 2049726, at *3 (S.D.N.Y July 16, 2007) (fee award equated to a 2.99 multiplier and finding that the multiplier "falls well within the parameters set in this district and elsewhere"); *In re Y-mAbs Therapeutics, Inc. Sec. Litig.*, 2024 WL 5082773, at *2 (awarding fees from $19.65 million settlement representing a multiplier of 3.8, as noted in the fee brief at ECF No. 63 at 14 (Ex. 4)).

Additional work will be required of Lead Counsel on an ongoing basis, including: correspondence with Settlement Class Members; preparation for, and participation in, the final

approval hearing; supervising the claims administration process being conducted by the Claims Administrator; and supervising the distribution of the Net Settlement Fund to Settlement Class Members who have submitted valid Claim Forms. However, Lead Counsel will not seek payment for this additional work.

For all these reasons, the lodestar "cross-check" supports the reasonableness of the requested fee.

* * *

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

II. THE REQUESTED FEE IS FAIR AND REASONABLE UNDER THE CIRCUMSTANCES OF THIS CASE WHEN APPLYING THE SECOND CIRCUIT'S FACTORS

The Second Circuit has set the following criteria for courts to consider when reviewing a request for attorneys' fees in a common fund case, whether under the percentage approach or the lodestar multiplier approach:

> (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. As discussed below, these factors and the analyses above demonstrate that requested fee would be reasonable.

A. <u>Plaintiff's Counsel Devoted Significant Time and Labor to the Action</u>

The time and effort expended by Plaintiff's Counsel in prosecuting the Action and achieving the Settlement support the requested fee. As set forth in detail in the Bissell-Linsk

Declaration, Plaintiff's Counsel's effort in the litigation encompassed: (i) conducting an extensive investigation of the claims at issue, including contacting and interviewing former employees of Cronos; (ii) preparing and filing a detailed amended Complaint, which expanded the scope of the initial complaint by adding additional misrepresentations, disclosures, and other allegations in support of the claims at issue; (iii) overcoming a dismissal of the Action in response to Defendants' motion to dismiss by successfully moving for reconsideration; (iv) consulting with experts in the fields of the cannabis industry, accounting, damages and loss causation; and (ix) preparing for and participating in a formal in-person arms' length mediation. *See generally* Bissell-Linsk Decl., Sections III-IV. Lead Counsel expended 2,016.4 hours prosecuting the Action with a lodestar value of $1,512,109.50. *See* Ex. 5-A. At all times, Lead Counsel took care to staff the matter robustly but to avoid unnecessary duplication of effort.

B. <u>The Magnitude and Complexity of the Action Support the Requested Fee</u>

Courts regularly recognize that securities class action litigation is "notably difficult and notoriously uncertain." *City of Providence,* 2014 WL 1883494, at *5; *In re Signet Jewelers Ltd. Sec. Litig.,* 2020 WL 4196468, at *4 (S.D.N.Y. July 21, 2020) ("[s]ecurities class actions are generally complex and expensive to prosecute"). Here, prosecuting the class's claims required expertise, skill, and dedication. *See* Bissell-Linsk Decl., Sections III-IV. It involved extensive expert analysis across multiple fields such as accounting, loss causation, and damages in connection with the Exchange Act, as well as the cannabis industry and the various regulations and macro factors affecting Cronos' business and operations.

Moreover, even if the Court had denied Defendants' motion to dismiss the Second Amended Complaint, Lead Plaintiff and Plaintiff's Counsel would still have faced the difficult tasks of certifying a class, completing discovery, defeating summary judgment, and ultimately winning a verdict for inherently complex securities fraud claims at trial. *See In re Hi-Crush*

Partners L.P. Sec. Litig., 2014 WL 7323417, at *15 (S.D.N.Y. Dec. 19, 2014) (finding the "inherently complex Exchange Act issues regarding, *inter alia*, whether Defendants' omissions were materially misleading, whether Defendants' [sic] acted with scienter and if loss causation could be established" supported approval of requested fee award).

Accordingly, the magnitude and complexity of the Action support the conclusion that the requested fee is fair and reasonable. *See City of Providence*, 2014 WL 1883494, at *16 ("[T]he complex and multifaceted subject matter involved in a securities class action such as this supports the fee request").

C. <u>The Risks of the Litigation Support the Requested Fee</u>

The risks associated with this contingency fee case also support the requested fee. "Little about litigation is risk-free, and class actions confront even more substantial risks than other forms of litigation." *In re Comverse Tech., Inc., Sec. Litig.*, 2010 WL 2653354, at *5 (E.D.N.Y. June 24, 2010); *see also In re Signet*, 2020 WL 4196468, at *19 ("The Second Circuit has recognized that the risks associated with a case undertaken on a contingent fee basis is an important factor in determining an appropriate fee award"); *In re Am. Bank Note Holographics, Inc. Sec. Litig.*, 127 F. Supp. 2d 418, 433 (S.D.N.Y. 2001) (it is "appropriate to take [contingent-fee] risk into account in determining the appropriate fee").

The Parties were deeply divided on virtually every issue in the litigation, as detailed in the Bissell-Linsk Declaration at Sections III & IV and the accompanying Memorandum of Law in Support of Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation ("Settlement Memorandum"), and there was no guarantee Lead Plaintiff's position would prevail. If Defendants had succeeded with respect to any of their defenses, Lead Plaintiff and the class could have recovered nothing or far less than the Settlement Amount. Nonetheless, Plaintiff's Counsel vigorously pursued the class's claims and took on each challenge.

Although Lead Plaintiff and Plaintiff's Counsel believe that the alleged misstatements supported strong claims of securities fraud, there was a significant risk that the Court would once again grant Defendants' motion to dismiss. Even if the motion were denied, Lead Plaintiff faced the ongoing burdens of supporting his liability claims in connection with summary judgment and prevailing at trial, as well as in likely appeals—a process that could extend for years and might lead to a smaller recovery, or no recovery at all.

Summary judgment would provide Defendants with another chance to contest the elements of Lead Plaintiff's claims as a matter of law, including, falsity, materiality, scienter, and loss causation. Regarding scienter, Defendants could have argued either (or both) that Hilson himself did not act with scienter or that his scienter could not be imputed to Cronos, whether because he acted as a rogue employee or for any other reason. Relatedly, Defendants could have pointed to the lack of stock sales by the Individual Defendants, Cronos' strong cash capitalization, and overall market position/strategy to argue that any misstatements were either unintentional or the result of a rogue employee. ¶¶58-59.

With respect to falsity and materiality, among other things, Defendants would have attempted to reframe the alleged misstatements regarding Cronos' overstated revenue with analysis based on a more holistic view of the Company's business in order to demonstrate that the restatement was not material. ¶60.

Even if Lead Plaintiff was successful in proving scienter and falsity with respect to the alleged misstatements, he faced significant obstacles to proving the market impact of the alleged misstatements and alleged corrective events. ¶¶61-64.

In order to recover maximum damages, estimated to be approximately $260 million by Lead Plaintiff's consulting damages expert depending on the trading model and assumptions

used, Lead Plaintiff would need to prove that the allegedly corrective information disclosed on all of the allegedly corrective disclosure dates caused the price of Cronos stock to decline. However, this estimate could have fallen drastically in several scenarios, including: if one or more corrective disclosure were not credited, if the loss following one or more event was found to be partially caused by other factors, or if a less favorable abnormal return were calculated following corrective events due to a different selection of peer indexes or regression analysis. ¶63.

For example, Cronos' stock actually increased slightly on a typical closing-price-to-closing-price basis following the alleged corrective disclosure on March 17, 2020. The above calculation assumes the drop is analyzed based on the closing price on March 17, 2020 and the opening price on March 18, 2020. Lead Plaintiff has arguments as to why that measurement is appropriate, but it would be difficult to persuade a fact finder of this point at trial. Removing the March 17 corrective event was estimated to reduce damages to approximately $200 million. If only the two corrective events with the clearest statistically significant price decline were credited, damages could easily be reduced to under $140 million, even before disaggregation of non-fraud related factors. Accordingly, the ultimate contours of the actionable misstatements and disclosures could have significantly compromised Lead Plaintiff's ability to succeed at trial and obtain a judgment for the class. ¶64. *See In re Bayer AG Sec. Litig.*, 2008 WL 5336691, at *5 (S.D.N.Y. Dec. 15, 2008) (noting the "difficulty of establishing loss causation [] and the difficulty in proving that Defendants acted with scienter, militate in favor of fee awards").

Of course, Lead Plaintiff would also have to succeed in certifying a class of investors and maintaining certification through trial. Defendants would likely have vigorously opposed class certification on several grounds, including, for example, that Lead Plaintiff could not establish

price impact or reliably measure damages on a class wide basis. Each of these grounds could have been the basis for post-trial attacks to even a successful verdict, and post-trial appeals.

In the face of many uncertainties, Plaintiff's Counsel undertook this case on a wholly contingent basis, knowing that the litigation would require the devotion of substantial time and expense with no guarantee of compensation. ¶¶87-94. As discussed further below, counsel's assumption of this contingency fee risk strongly supports the requested fee. *See FLAG Telecom*, 2010 WL 4537550, at *27 ("Courts in the Second Circuit have recognized that the risk associated with a case undertaken on a contingent fee basis is an important factor in determining an appropriate fee award.").

D. <u>The Quality of Lead Counsel's Representation Supports the Requested Fee</u>

The quality of the representation by Lead Counsel is another important factor that supports the reasonableness of the requested fee. Lead Counsel is a nationally recognized leader in the field of securities class action litigation and has substantial experience litigating and trying securities class actions in courts throughout the country. Ex. 5-C. The attorneys who were principally responsible for prosecuting this case relied upon their skill to develop and implement strategies to overcome myriad obstacles raised by Defendants throughout the litigation.

Lead Counsel also submits that the quality of its representation is best evidenced by the quality of the result achieved. *See, e.g.*, *In re Signet Jewelers Ltd. Sec. Litig.,* 2020 WL 4196468, at *20. The Settlement recovers a range of approximately 4% of the high-end estimate of damages and 7% of a more likely estimate of damages. Courts have regularly approved settlements with lower or similar recoveries. *See, e.g.*, *In re Tenaris S.A. Sec. Litig*., 2024 WL 1719632, at *8 (recognizing that the "proposed settlement amount … represents 4.02-5.01% of the total estimated 'best-case' recovery" and was "significantly higher than the 2.4-2.9% average settlement recovery rate" for similar class actions); *In re 3D Sys. Sec. Litig.*, 2024 WL 50909, at

*12 (E.D.N.Y. Jan. 4, 2024) (settlement representing approximately 1% of maximum damages approved as reasonable); *In re N. Dynasty Minerals Ltd. Sec. Litig.*, 2023 WL 5511513, at *10-11 (E.D.N.Y. Aug. 24, 2023) (approving settlement with a recovery of 2.3% of maximum potential damages).

The Settlement is also in-line with recoveries obtained in securities class actions in 2025. *See* Laarni T. Bulan and Eric Tam, *Securities Class Action Settlements – 2025 Review and Analysis* (Cornerstone Research 2026), Exhibit 3 at 7. According to Cornerstone Research, for Exchange Act cases with total estimated damages of $150 million to $249 million, the median percentage of recovery from 2016 to 2024 was 6.9% of total Cornerstone estimated damages, and the median percentage of recovery for such cases in 2025 was 4.9%. The median recovery from 2016 to 2024 was 6.0% for cases with estimated damages of $250-499 million, and 9.4% for such cases in 2025. *Id*.

The quality of Lead Counsel's representation is further demonstrated by the fact that the recovery was obtained after opposing a consistently aggressive defense by highly skilled attorneys at Sullivan & Cromwell LLP. Courts recognize that the strength of Lead Counsel's opposition should be considered in assessing its performance. *See, e.g.*, *Trostorff v. Mynaric AG*, 800 F. Supp. 3d 486, 493 (E.D.N.Y. 2025) (recognizing lead counsel's ability to obtain a favorable settlement when "opposed by able and highly experienced attorneys from Sullivan & Cromwell LLP"); *In re Veeco Instruments Inc. Sec. Litig.*, 2007 WL 4115808, at *7 (S.D.N.Y. Nov. 7, 2007) (among factors supporting fee award was that defendants were represented by "one of the country's largest law firms"); *In re Adelphia Commc'ns Corp. Sec. & Derivative 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); *Maley*, 186 F. Supp. 2d at 373 ("The ability of plaintiffs' counsel to recover a settlement valued at more than $11.5 million for the Class in the face of such formidable legal opposition provides further evidence of the quality of their work.").

E. <u>The Requested Fee in Relation to the Settlement</u>

"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 Section I.B, *supra*, the requested fee is within the range of percentage fees that this Court and other courts have awarded in comparable cases and, accordingly, the fee requested is reasonable in relation to the Settlement.

F. <u>Public Policy Considerations Support the Requested Fee</u>

As mentioned above, courts within the Second Circuit have long held that public policy favors the award of reasonable attorneys' fees in class action securities litigation. *See*, *e.g., Flag Telecom*, 2010 WL 4537550, at *29 (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"). "In order to attract well-qualified plaintiffs' counsel who are able to take a case to trial, and who defendants understand are able and willing to do so, it is necessary to provide appropriate financial incentives." *In re WorldCom, Inc. Sec. Litig.*, 388 F. Supp. 2d 319, 359 (S.D.N.Y. 2005).

Judge McMahon has noted the importance of "private enforcement actions and the corresponding need to incentivize attorneys to pursue such actions on a contingency fee basis" in *Shapiro v. J.P. Morgan Chase & Co.*:

> [C]lass actions serve as private enforcement tools when . . . regulatory entities fail to adequately protect investors . . . . [P]laintiffs' attorneys need to be sufficiently incentivized to commence such actions in order to ensure that defendants who engage in misconduct will suffer serious financial consequences . . . . [A]warding counsel a fee that is too low would therefore be detrimental to this system of private enforcement.

2014 WL 1224666, at *24 (S.D.N.Y. Mar. 24, 2014) (citing *In re Initial Pub. Offering Sec. Litig*., 671 F. Supp. 2d 467, 515-16 (S.D.N.Y. 2009)); *see also Hicks*, 2005 WL 2757792, at *9 ("To make certain that the public is represented by talented and experienced trial counsel, the remuneration should be both fair and rewarding.").

Lead Counsel is keenly aware of many hard-fought lawsuits in which, because of the discovery of facts unknown when the case commenced, or changes in the law during the pendency of the case, or a decision of a judge or jury following a trial on the merits, excellent professional efforts by plaintiffs' counsel produced no fee for counsel. *See* Bissell-Linsk Decl., Section VIII.A.3. For example, Labaton was co-lead counsel in the *Goldman* case, which spanned more than 13 years, three class certification orders at the district court level, three appeals of class certification to the Second Circuit, *Arkansas Teacher Retirement System v. Goldman Sachs Group, Inc.,* 77 F.4th 74, 105 (2d Cir. 2023) (recounting history, reversing last certification order and remanding for de-certification), and an appeal to the Supreme Court, *Goldman Sachs Group, Inc. v. Arkansas Teacher Retirement System*, 594 U.S. 113 (2021) (reversing certification and remanding for further consideration). Despite co-lead counsel's and plaintiffs' relentless advocacy, tens of thousands of hours, millions in lodestar, and millions in expenses, they were unable to successfully certify the class and recover any damages on behalf of investors. ¶92.

Accordingly, this factor supports Lead Counsel's fee request.

III. LEAD COUNSEL'S EXPENSES ARE REASONABLE AND WERE NECESSARILY INCURRED TO ACHIEVE THE BENEFIT OBTAINED

Lead Counsel's fee application includes a request for payment of Litigation Expenses in the amount of $146,983.05, which were reasonably incurred and necessary to prosecute the Action. *See* Ex. 5-B. *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' of those clients"). This amount is below the $200,000 cap that the notices informed potential Settlement Class Members that counsel may apply for.

The amount of Litigation Expenses is consistent with the stage of the litigation and the claims and defenses at issue. Lead Counsel incurred expenses related to, among other things, expert and consultant fees, mediation fees, and online legal and factual research. A complete breakdown by category of the expenses incurred is set forth in the Labaton Fee and Expense Decl., submitted herewith as Exhibit 5. These expense items are not duplicated in the firm's hourly rates.

The largest expense relates to the retention of Lead Plaintiff's consulting experts. These fees total $114,378.75, or approximately 78% of the total Litigation Expenses. ¶108; Ex. 5, ¶6(c).

Lead Counsel retained an economic expert to consult and opine on loss causation and damages issues in connection with the investigation of the claims, preparing the amended complaints, the mediation, and preparing the proposed Plan of Allocation for the proceeds of the Settlement. Lead Counsel also consulted with an accounting expert, who provided Lead Counsel with expertise and consulting services in connection with the investigation of the claims and drafting the amended complaints. Specifically, this expert provided analyses regarding Cronos'

accounting practices (particularly the Company's revenue recognition) and its restatement of revenue. Additionally, Lead Counsel consulted with an expert in the cannabis industry who provided Lead Counsel with expertise and consulting services in connection with the investigation of the claims and drafting the amended complaints. ¶108; Ex. 5, ¶6(c).

The expenses also include $19,486.38 for Lead Plaintiff's share of the fees and costs of the mediator. ¶109; Ex. 5, ¶6(d). Lead Counsel also seeks reimbursement of $10,939.44 for online legal and factual research. ¶110; Ex. 5, ¶6(b).

The remainder of the expenses sought are the types that are necessarily incurred in complex commercial litigation and routinely charged to clients who pay by the hour.

IV. LEAD PLAINTIFF'S REQUESTED REIMBURSEMENT UNDER 15 U.S.C. §78u-4(a)(4) IS REASONABLE

Lead Counsel also seeks reimbursement of $20,000 on behalf of Lead Plaintiff directly related to his representation of the class. *See* Declaration of Keith D. Norman, submitted herewith as Exhibit 1. The PSLRA specifically 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). Here, Keith D. Norman is seeking $20,000 related to the 50 hours he dedicated to the Action. Ex. 1, ¶¶9-12.

Here, as described more fully in Lead Plaintiff's Declaration, Lead Plaintiff has been committed to pursuing the class's claims—and has taken an active role in so doing. Among other things, Lead Plaintiff, conferred with counsel on the overall strategy for prosecuting the Action and maximizing the recovery for the class; reviewed numerous pleadings and court filings, including several rounds of briefing on the pleadings; reviewed and discussed regular status reports from counsel regarding the many developments in the litigation; and participated virtually in the May 16, 2025 mediation session before Mediator Robert Meyer. Ex. 1, ¶¶5, 10.

Additionally, Lead Plaintiff analyzed and responded to Defendants' settlement proposals over the course of the mediation efforts, including authorizing the acceptance of the Settlement. *Id*.

Courts within the Second Circuit regularly approve payments to compensate representative plaintiffs under similar circumstances. *See, e.g.*, *Xu v. Gridsum Holding Inc.*, 2024 WL 5301450, at *2 (S.D.N.Y. Apr. 3, 2024) (awarding lead plaintiff $25,000 and named plaintiff $5,000 as reimbursement for their reasonable costs and time dedicated to the prosecution of the Action); *In re Changyou.com Ltd. Sec. Litig.*, No. 1:21-cv-07858-GHW, slip op. at 4 (S.D.N.Y. Jan. 28, 2023), ECF No. 70 (awarding lead plaintiff $15,000 for time spent related to its representation) (Ex. 4); *City of Warren Police and Fire Ret. Sys. v. World Wrestling Ent., Inc.*, 2021 WL 2736135, at *1 (S.D.N.Y. June 30, 2021) (awarding $6,286.40 to lead plaintiff pension fund).

V. THE REACTION OF THE SETTLEMENT CLASS TO DATE SUPPORTS THE REQUESTED FEES AND EXPENSES

The reaction of the Settlement Class to date also supports the fee and expense request. Through October 14, 2026, the Postcard Notice has been disseminated (by mail, email, or email link to the Settlement Website) to 236,661 Settlement Class Members and nominees informing them that, among other things, Lead Counsel intends to apply to the Court for an award of attorneys' fees in an amount not to exceed 33% of the Settlement Fund and for up to $200,000 in Litigation Expenses. *See* Ex. 2, ¶12, Exs. 2-A and 2-B. While the time to object to the Fee and Expense Application does not expire until October 29, 2026, to date no objections have been received. Lead Counsel will address any that are submitted in its reply papers, which will be filed on or before November 12, 2026.

Additionally, the request for attorneys' fees of 33% and expenses is made with the full support of Lead Plaintiff. *See* Ex. 1, ¶¶2, 8, 12. Lead Plaintiff's endorsement of the fee, together

with the fact that there have been no objections to date, supports its approval. *See Trostorff v. Mynaric AG*, 800 F. Supp. 3d 486,493(E.D.N.Y. 2025) (finding the fact that "there are no objections to this settlement and no class members have requested exclusion" supports fee request).

CONCLUSION

For all the foregoing reasons, Lead Counsel respectfully requests that the Court award attorneys' fees in the amount of 33% of the Settlement Fund, which includes accrued interest; $146,983.05 in Litigation Expenses, plus accrued interest; and $20,000 as reimbursement to Lead Plaintiff pursuant to the PSLRA. A proposed order will be submitted with Lead Counsel's reply papers, after the deadline for objecting has passed.

Dated: October 15, 2026

Respectfully submitted,

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CERTIFICATION OF WORD-COUNT COMPLIANCE

The undersigned hereby certifies that the foregoing brief complies with the 8,750 word limit set forth in Local Civil Rule 7.1(c). The word count, exclusive of the caption, any index, table of contents, table of authorities, signature blocks, or any required certificates, is 6,796 words according to the word-processing system used to prepare the document.

Dated: October 15, 2026

/s/ *Jake Bissell-Linsk*
JAKE BISSELL-LINSK

CERTIFICATE OF SERVICE

I hereby certify that on October 15, 2026, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to all registered ECF participants.

Dated: October 15, 2026

/s/ *Jake Bissell-Linsk*
JAKE BISSELL-LINSK