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

SAM FARRAR, Individually and on
Behalf of All Others Similarly Situated,
Plaintiff,

v.

WORKHORSE GROUP, INC., DUANE
HUGHES, STEVE SCHRADER,
ROBERT WILLISON, and GREGORY
ACKERSON

Defendants.

Case No. 2:21-cv-02072-CJC-PVC

**ORDER APPROVING
DISTRIBUTION PLAN**

JUDGE: Hon. Cormac J. Carney
DATE: February 26, 2024 TIME:
1:30 p.m.
CTRM: 9B

1 Lead Plaintiff Timothy M. Weis (“Plaintiff”) moved this Court for an order
2 approving a distribution plan for the Net Settlement Fund in the above-captioned
3 securities class action (“Action”). Having reviewed and considered all the materials
4 and arguments submitted in support of the Motion, including the supporting
5 Memorandum of Points and Authorities and the Declaration of Lance Cavallo in
6 Support of Lead Plaintiff’s Motion for Approval of Distribution Plan (the “Cavallo
7 Declaration”) submitted on behalf of the Court-approved Claims Administrator
8 Kurtzman Carson Consultants LLC (“KCC” or “Claims Administrator”).

9 NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

10 1. This Order incorporates by reference the definitions in the Stipulation
11 of Settlement dated as of January 13, 2023 (ECF No. 105-2) (“Stipulation”), the
12 Notice of Pendency and Proposed Settlement (“Notice”), and the Cavallo
13 Declaration, and all terms used in this Order shall have the same meanings as defined
14 in the Stipulation, Notice, and the Cavallo Declaration.

15 2. This Court has jurisdiction over the subject matter of the Action and
16 over all parties to the Action, including all Class Members.

17 3. Plaintiff’s plan for distribution of the Net Settlement Fund to
18 Authorized Claimants is **APPROVED**. Accordingly:

19 (a) The administrative determinations of the Court-approved
20 Claims Administrator, KCC, to accept the Timely Eligible
21 Claims set forth in Exhibit B-1 to the Cavallo Declaration
22 and the Late But Otherwise Eligible Claims set forth in
23 Exhibit B-2 to the Cavallo Declaration are adopted.

24 (b) The Claims Administrator’s administrative determinations
25 to reject the Rejected Claims, as set forth in Exhibit B-3 to
26 the Cavallo Declaration, including the Disputed Claim
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1 discussed in ¶ 23 of the Cavallo Declaration and Exhibit C
2 to the Cavallo Declaration, are adopted.

3 (c) KCC is directed to conduct the Initial Distribution of the
4 Net Settlement Fund after deducting all payments
5 previously allowed, payments approved by this Order, and
6 any estimated taxes, the costs of preparing appropriate tax
7 returns, and any escrow fees, while maintaining a 10%
8 reserve from the Net Settlement Fund to address any tax
9 liability or claims administration-related contingencies
10 that may arise. Specifically, as set forth in ¶ 37(a)(i)-(vi)
11 of the Cavallo Declaration:

12 (1) KCC will calculate each Authorized Claimant's
13 *pro rata* share of the Net Settlement Fund based
14 on the amount of the Authorized Claimant's
15 Recognized Claim in comparison to the total
16 Recognized Claims of all Authorized Claimants;

17 (2) KCC will eliminate from the Initial Distribution
18 any Authorized Claimant whose *pro rata* share of
19 the Net Settlement Fund calculates to less than
20 \$20.00. These Claimants will not receive any
21 payment from the Net Settlement Fund and will be
22 so notified by KCC;

23 (3) After eliminating Claimants who would have
24 received less than \$20.00, KCC will then
25 recalculate the *pro rata* share of the Net
26 Settlement Fund for Authorized Claimants who
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1 would have received \$20.00 or more pursuant to
2 the calculations described in subparagraph (a)(1)
3 above. An Authorized Claimant's *pro rata* share
4 of the Net Settlement Fund (as recalculated in the
5 previous sentence) is the Authorized Claimant's
6 "Distribution Amount";

7 (4) Authorized Claimants whose Distribution
8 Amount calculates to less than \$200.00 will be
9 paid their full Distribution Amount in the Initial
10 Distribution ("Claims Paid in Full"). These
11 Authorized Claimants will receive no additional
12 funds in subsequent distributions; and

13 (5) 90% of the remaining balance of the Net
14 Settlement Fund will be distributed *pro rata* to
15 Authorized Claimants whose Distribution
16 Amount calculates to \$200.00 or more. The
17 remaining 10% of the Net Settlement Fund will be
18 held in the Reserve to address any tax liability or
19 claims administration-related contingencies that
20 may arise following the Initial Distribution. To the
21 extent the Reserve is not depleted, the remainder
22 will be distributed in the Second Distribution
23 described in subparagraph (f) below.

24 (d) To encourage Authorized Claimants to cash their checks
25 promptly, Plaintiff proposes that all distribution checks
26 bear the notation, "CASH PROMPTLY. VOID AND
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1 SUBJECT TO REDISTRIBUTION IF NOT CASHED 90
2 DAYS AFTER ISSUE DATE.” Lead Counsel and KCC
3 are authorized to take appropriate action to locate and
4 contact Authorized Claimants who have not cashed their
5 checks within said time as detailed in ¶ 37(b) of the
6 Cavallo Declaration.

7 (e) Authorized Claimants who do not cash their Initial
8 Distribution checks within the time allotted or on the
9 conditions set forth in ¶ 37(b) of the Cavallo Declaration
10 will irrevocably forfeit all recovery from the Settlement,
11 and the funds allocated to these stale-dated checks will be
12 available to be distributed to other Authorized Claimants
13 in the Second Distribution. Similarly, Authorized
14 Claimants who do not cash their distribution checks in the
15 Second Distribution or subsequent distributions, should
16 such distributions occur, within the time allotted or on the
17 conditions set forth in paragraph ¶ 37(b) of the Cavallo
18 Declaration will irrevocably forfeit any further recovery
19 from the Net Settlement Fund.

20 (f) After KCC has made reasonable and diligent efforts to
21 have Authorized Claimants cash their Initial Distribution
22 checks (as provided in ¶ 37(b) of the Cavallo Declaration),
23 but not earlier than six (6) months after the Initial
24 Distribution, KCC will, after consulting with Lead
25 Counsel, conduct the Second Distribution, in which any
26 amount remaining in the Net Settlement Fund, after
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1 deducting any unpaid fees and expenses incurred, will be
2 distributed to all Authorized Claimants (other than Claims
3 Paid in Full) who cashed their Initial Distribution check
4 and are entitled to receive at least \$20.00 from the Second
5 Distribution based on their *pro rata* shares of the funds
6 remaining in the Net Settlement Fund. If any funds remain
7 in the Net Settlement Fund after the Second Distribution,
8 and if cost-effective, subsequent distributions will take
9 place at six-month intervals.

10 (g) When Lead Counsel, in consultation with KCC,
11 determines that further distribution of the funds remaining
12 in the Net Settlement Fund is not cost-effective, if
13 sufficient funds remain to warrant the processing of Post-
14 Distribution and Late-Adjusted Claims, KCC will process
15 those Claims. Any of these Claims that are otherwise
16 valid, as well as any earlier received Claims for which an
17 upward adjustment was received after January 12, 2024,
18 may be paid in accordance with subparagraph (h) below.
19 If any funds remain in the Net Settlement Fund after
20 payment of these Claims and unpaid fees or expenses, the
21 remaining funds will be contributed to the Investor
22 Protection Trust (“IPT”).

23 (h) No new Claims received after January 12, 2024 may be
24 accepted, and no further adjustments to Claims received
25 on or before January 12, 2024, that would result in an
26 increased Recognized Claim may be made for any reason,
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1 subject to the following exception. If Claims are received
2 after January 12, 2024 or adjusted after January 12, 2024,
3 that would have been eligible for payment or additional
4 payment under the Plan of Allocation if timely received,
5 then, at the time that Lead Counsel, in consultation with
6 KCC, determines that further distribution is not cost-
7 effective as provided in subparagraph (e) above, and after
8 deducting any additional fees and expenses incurred in
9 connection with administering the Settlement (to the
10 extent KCC's fees do not exceed \$925,000, in total) and
11 after deducting any estimated taxes, the costs of preparing
12 appropriate tax returns, and any escrow fees, such
13 Claimants, at the discretion of Lead Counsel, may be paid
14 their distribution amounts or additional distribution
15 amounts on a pro rata basis that would bring them into
16 parity with other Authorized Claimants who have cashed
17 all their prior distribution checks to the extent possible.

18 4. The Court finds that the administration of the Settlement and the
19 proposed distribution of the Net Settlement Fund comply with the terms of the
20 Stipulation and Plan of Allocation approved by this Court and that all persons
21 involved in the review, verification, calculation, tabulation, or any other aspect of
22 the processing of the Claims submitted, or who are otherwise involved in the
23 administration or taxation of the Settlement Fund or the Net Settlement Fund, are
24 hereby released and discharged from any and all claims arising out of that
25 involvement, and all Class Members and other Claimants, whether or not they
26 receive payment from the Net Settlement Fund, are hereby barred from making any
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1 further claims against the Net Settlement Fund, Plaintiff, Lead Counsel, the Claims
2 Administrator, the Escrow Agent or any other agent retained by Lead Plaintiffs or
3 Lead Counsel in connection with the administration or taxation of the Settlement
4 Fund or the Net Settlement Fund, or any other person released under the Settlement
5 beyond the amounts allocated to Authorized Claimants.

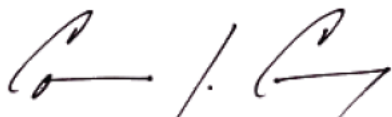
6 5. All of KCC’s fees and expenses incurred in the administration of the
7 Settlement and estimated to be incurred in connection with the Initial Distribution
8 of the Net Settlement Fund are approved, and Lead Counsel is directed to pay the
9 outstanding balance of \$4,171.51 out of the Settlement Fund to KCC.

10 6. Unless otherwise ordered by the Court, KCC will dispose of the paper
11 copies of Claims and all supporting documentation one (1) year after all funds have
12 been distributed and will dispose of electronic copies of the same three (3) years
13 after all funds have been distributed.

14 7. This Court retains jurisdiction to consider any further applications
15 concerning the administration of the Settlement, and any other and further relief that
16 this Court deems appropriate.

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18 **IT IS SO ORDERED.**

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20 Dated: February 7, 2024

21 By: 
22 The Honorable Cormac J. Carney
23 United States District Court

24 **CC: FISCAL**
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