UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

IN RE TEVA SECURITIES LITIGATION	No. 3:17-cv-00558 (SRU)
THIS DOCUMENT RELATES TO:	All Class Actions

DECLARATION OF JEFFREY N. LEIBELL REGARDING THE EFFECTIVENESS OF THE CLAIMS ADMINISTRATION PROCESS

JEFFREY N. LEIBELL declares as follows:

1. I am the principal of The JNL Firm, LLC ("JNL").[1] I make this declaration based on my personal knowledge and, if upon called to testify, I could and would do so competently.

I.
SUMMARY OF THE ENGAGEMENT AND CONCLUSIONS

2. Class Counsel retained JNL to obtain reasonable assurance that the protocols, processes and procedures applied by the Claims Administrator for the settlement of the Litigation (the "Settlement"), Epiq Class Action & Claims Solutions, Inc. ("Epiq"), to Proofs of Claim and Release (each, a "Claim") submitted by putative Settlement Class Members (each, a "Claimant"), taken together (the "Administration Process"), complied in all material respects with the following three "Administration Objectives" (the "Engagement"):[2]

a. "Administration Process Objective": The Administration Process was consistent with standards and practices commonly employed by claims administrators when administering similar class action settlements;

b. "Fairness Objective": The Administration Process is likely to treat Claimants fairly and reasonably in relation to one another; and

c. "Allocation Objective": The Administration Process is consistent with the Plan of Allocation of Net Settlement Fund (the "POA").[3]

---

[1] Terms with initial capitalization that are not defined herein have the meanings that are ascribed to them in the Stipulation of Settlement, dated January 18, 2022, ECF 919-2 (the "Stipulation").

[2] *See* Settlement Management Agreement, entered into April 7, 2022, a true and correct copy of which is attached as **Exhibit 1**. The class action settlement management services to be provided by JNL (the "Services"), as well as the limitations on the scope thereof, are described in its Exhibit.

[3] The POA, which is set forth in Appendix A of the Notice (ECF 928-5 at 24-31), was approved by the Court on June 2, 2022. *See* Order App'g Plan of Allocation, ECF 962 at ¶5.

3. The Administration Objectives consider the new requirements mandated in Rule 23(e)(2)(C)(ii) and Rule 23(e)(2)(D). Rule 23(e)(2)(C)(ii) requires courts to evaluate "the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims,"[4] and, specifically, "to scrutinize the method of claims processing to ensure that it facilitates filing legitimate claims" by "deter[ing] or defeat[ing] unjustified claims," while not being "unduly demanding."[5] Rule 23(e)(2)(D) requires courts to evaluate whether "the proposal treats class members equitably relative to each other."[6]

4. JNL's performance of the Services enabled JNL to obtain reasonable assurance that the Administration Process, taken as a whole, complied in all material respects with the Administration Objectives and, therefore, that it was fair and accurate.

5. The remainder of this declaration is organized as follows:

[4] *In re GSE Bonds Antitrust Litig.*, 414 F. Supp.3d 686, 694 (S.D.N.Y. 2019) (quoting Fed. R. Civ. P. 23(e)(2)(C)(ii)).

[5] Fed. R. Civ. P. 23 Adv. Comm. Notes 2018 Amend., Subd. (e)(2) &¶¶ (C) & (D).

[6] Fed. R. Civ. P. 23(e)(2)(D).

II.
SUMMARY OF JNL'S CLASS ACTION SETTLEMENT MANAGEMENT CREDENTIALS

6. As set forth in greater detail in the JNL Firm Resume,[7] I have devoted almost three decades of my professional career to the legal and other issues that concern class action settlements. I have prosecuted class actions; managed and overseen their settlements, allocations and distributions; and represented claimants to assure that they received their fair shares of settlement recoveries. I am thus well-versed in the administration processes for class action settlements in general, and for securities fraud class actions settled via non-reversionary common funds, like the Settlement, in particular. For example:

a. I am a retired certified public accountant with almost a dozen years of experience as an auditor at Touche Ross & Co., n/k/a Deloitte, which, at that time, was commonly referred to as a "Big 8" public accounting firm.

b. During my over twelve years at Bernstein Litowitz Berger & Grossmann LLP ("BLB&G"), one of the nation's premier law firms representing institutional and other investors, I prosecuted securities fraud class actions and was the creator and partner-in-charge of BLB&G's settlement department. In that role I selected, retained and oversaw claims administrators for all of BLB&G's class action settlements, and I negotiated, documented, and developed the allocation and distribution plans for all of them. Those dozens of settlements totaled approximately $16 billion in recoveries, including, at the time that they were settled, three of the ten largest and most complex securities class action settlements in U.S. history. For example, I managed and oversaw the examination

[7] A true and correct copy of the JNL Firm Resume is attached as **Exhibit 2**.

of the administration process that an independent certified public accounting firm performed in connection with the 123,000 proofs of claim submitted to recover from the $3.3 billion in settlements obtained in *In re Cendant Corporation Litigation*.

c. As Vice President of Class Action Services at The Garden City Group, Inc. ("GCG"), one of the most well-regarded class action claims administration firms in the U.S., I spent almost six years advising GCG's senior management and its class counsel clients on legal issues that were presented by the administration, allocation and distribution of some of the most complex securities and other class action settlements of all time, and I successfully advocated in courts throughout the U.S. and in Canada for the approval of thousands of GCG's claims determinations. For example—

i. I managed the examination of the administration process that an independent certified public accounting firm performed in connection with the 953,000 proofs of claim that were submitted to recover from the $6.2 billion in settlements obtained in *In re WorldCom Inc. Securities Litigation*.

ii. I supervised and developed protocols and procedures for a dedicated group of some 125 lawyers who addressed all legal representation and related issues in connection with over 350,000 claimants to the $20 billion *Gulf Coast Claims Facility*, and provided to GCG's executive management and to Kenneth Feinberg, the Claims Administrator, related advice.

iii. I formulated or revised all of GCG's information and physical security, operational and privacy policies, which enabled GCG to become the first claims administrator to obtain the System and Organization Controls for Service Organizations Report ("SOC") 2 report (for all five Trust Services Principles) of the

American Institute of Certified Public Accountants (the "AICPA") and to comply with all HIPAA security and privacy standards.

iv. I was responsible for all of GCG's responses to information security questionnaires, and I developed GCG's responses to the complete Standard Information Gathering (SIG) version 7 information security questionnaire.

v. I developed and presented to attorneys across the U.S. continuing state-approved legal education programs concerning the legal issues related to class action settlements, administrations and distributions.

d. As the Chief Legal & Financial Officer at Financial Recovery Services, LLC ("FRS"), a premier class action settlement claims management consultant, I have spent the last nine years protecting the rights of FRS's clients when I believed that a claims administrator's determinations did not comply with court-approved plans of allocation and distribution or otherwise treated FRS's clients unfairly.

7. I authored the following articles, which are available at www.jnlfirm.com and referenced herein, that are relevant to class action settlement management—

"Under Amended Rule 23, Effective Settlement Management Is Not Just a Good Idea, *It's the Law*" (hereinafter, "*Effective Settlement Management*")

"Late Claims and Placeholder Claims: The Banes of Class Action Settlement Management" (hereinafter, "*Late & Placeholder Claims*")

"Low Cost" Class Action Claims Administrators: What You Don't Know Will Hurt You" (hereinafter, "*What You Don't Know Will Hurt You*")

"67% of Something Is Better than 100% of Nothing: Competent and Ethical Class Action Claims Consultants Provide Value and Increase Participation in Class Action Settlements" (hereinafter, "*Claims Consultants*")

"Dealing With Recalcitrant Nominees Under the 2018 Amendments to Rule 23" (hereinafter, "*Recalcitrant Nominees*")

8. I have an understanding of Epiq's business and business sector and of the administration processes employed to conduct administrations of class action settlements and, in particular, of securities class actions settled via non-reversionary common funds.

III.
THE STANDARDS THAT JNL EMPLOYED FOR THE ENGAGEMENT

9. I identified the standards against which the fairness and accuracy of the Administration Process would be assessed (the "Administration Process Standards").[8] In doing so, I began with the well-recognized concept that the "goal of any distribution method is to get as much of the available damages remedy to class members as possible and in as simple and expedient a manner as possible."[9] The 2018 Amendments to Rule 23 codified that goal.[10] Also, the Administration Process Standards consider that the method of claims processing must "facilitate[ ] filing legitimate claims" and, without being "unduly demanding," "deter or defeat unjustified claims, and assure that "the apportionment of relief among class members takes appropriate account of differences among their claims."[11]

---

[8] I also developed a framework for the collection of information to inform the nature and timing of the Services to obtain reasonable assurance that the Administration Process, taken as a whole, complied in all material respects with the Administration Objectives (the "Evaluation Standards").

[9] 4 Newberg §12:15, *Methods for Determining Individual Awards* (Westlaw 2021), *quoted in In re LIBOR-Based Fin. Instr. Antitrust Litig.*, 327 F.R.D. 483, 496 (S.D.N.Y. 2018); *accord, e.g., In re Credit Default Swaps Antitrust Litig.*, No. 13-md-2476, 2016 WL 2731524, at *9 (S.D.N.Y. Apr. 26, 2016) ("A principal goal of a plan of distribution must be the equitable and timely distribution of a settlement fund without burdening the process in a way that will unduly waste the fund").

[10] *See* 4 Newberg §13:53, *Final Approval Criteria—Rule 23(e)(2)(C)(ii)* (Westlaw 2021), *quoted in, e.g., Moreno v. Beacon Roofing Supply, Inc.*, No. 19-cv-185, 2020 WL 3960481, at *5 (S.D. Cal. July 13, 2020). A comprehensive discussion of the impact of the 2018 amendments to Rule 23 is set forth in *Effective Settlement Management*.

[11] Fed. R. Civ. P. 23 Adv. Comm. Notes 2018 Amend., Subd. (e)(2) &¶¶ (C) & (D). A corollary of that concern is that, when there are no substantive differences among class members, the allocation and distribution of settlement proceeds should treat them similarly.

10. Lastly, JNL was retained to obtain *reasonable assurance* that the Administration Process, taken as a whole, complied in all material respects with the Administration Objectives. "Reasonable assurance," as applied here, is analogous to the term of art used in connection with auditors' attestation engagements conducted pursuant to standards promulgated by the AICPA and the Public Company Accounting Oversight Board (the "PCAOB").[12] The ASB defines reasonable assurance as a "high, but not absolute, level of assurance":[13]

> [T]he practitioner obtains *reasonable assurance* by obtaining sufficient appropriate evidence about the measurement or evaluation of subject matter against criteria in order to be able to draw reasonable conclusions on which to base the practitioner's opinion about whether the subject matter is in accordance with (or based on) the criteria or the assertion is fairly stated, in all material respects.[14]

The PCAOB similarly states that "[a]lthough not absolute assurance, reasonable assurance is a high level of assurance."[15]

11. As such, JNL focused on Epiq's processes and procedures, as well as on evaluating the fairness and accuracy of the Administration Process as a whole and as applied to all claims taken together, and based thereon, have concluded that there is reasonable assurance of the

---

[12] The AICPA's Auditing Standards Board (the "ASB") promulgates, among other standards, Statements on Auditing Standards and Statements on Standards for Attestation Engagements. *See, e.g.*, https://us.aicpa.org/research/standards/auditattest/asb.html. The ASB's *Clarified Statements on Standards for Attestation Engagements* appear, and are referred to, in the AICPA Professional Standards, and are cited herein, as "AT-C." Under the Sarbanes-Oxley Act of 2002, 15 U.S.C. §7201, *et seq.*, the PCAOB is directed by Congress to establish, by rule, auditing and related professional practice standards for registered public accounting firms to follow in the preparation of audit reports for public companies and other issuers, and for broker-dealers. *See* 15 U.S.C. §7211(c)(2). The PCAOB's Auditing Standards are cited herein as "AS."

[13] AT-C §105.10 (definitions).

[14] AT-C §105.10 (definitions) (emphasis added).

[15] *See* AS 1015.10.

fairness and accuracy of the Administration Process. Importantly, JNL is not able (and was not engaged) to provide absolute assurance of Epiq's performance or of the results of the Administration Process. JNL was not retained to perform, and JNL did not perform, an examination of any individual claims, JNL relied on information provided by Class Counsel and by Epiq without verifying any such information, and JNL is not responsible for the Administration Process, the performance of Epiq, the results of any actions directed by Class Counsel, or the accuracy of the Administration Process with respect to any specific claims. JNL is not an insurer of Epiq's performance and does not guaranty the results of the Administration Process.[16]

IV.
ENGAGEMENT PLANNING AND COORDINATION

12. Adequate planning enabled JNL to devote appropriate attention to important areas of the Engagement to assure that it was performed in an effective and efficient manner. JNL's planning considered, among other things, the following matters:

a. The size and complexity of the Administration Process, which involves hundreds of thousands of Claims (with a significant international contingent), eight eligible securities, multiple corrective disclosures, and separate calculations of "Recognized Loss Amounts," as defined in the POA, under the Securities Act and the Exchange Act;

b. Epiq's decades of experience (including its predecessor entities, GCG and Poorman Douglas) in administering securities class action settlements, including some of the largest and most complex in history;

[16] *See* AS 1015.13 ("[T]he auditor is not an insurer and his or her report does not constitute a guarantee.").

c. The familiarity and direct experience that, at BLB&G, GCG and FRS, I have had with Epiq (and its predecessor entities), including with particular Epiq employees who participated in the Administration Process; and

d. The nature of Epiq's contract with the Settlement Class, particularly that the labor cost of conducting the Claim deficiency process (the "Deficiency Process") was included in Epiq's fee for processing each Claim.

13. During the Engagement, I reviewed relevant documents obtained from the settlement website, www.TevaSecuritiesLitigation.com (the "Settlement Website") and from PACER, including those described on **Exhibit 3**. I also participated in video conferences and telephone calls with Class Counsel, with Epiq, and with Class Counsel and Epiq together, including conferences on an approximately weekly basis from April 2022 through the present. In connection with those regular conferences, Epiq provided reports on the status of the Administration Process. For example:

a. Prior to the Settlement Hearing, Epiq regularly provided updated information on, among other things, (a) the of number notices disseminated, (b) the number of requests for exclusion received to date, (c) the number of website visits, and (d) contact center activity.

b. After the Settlement Hearing, Epiq provided updated information on, among other things, (a) the number of Claims that had been filed, (b) their processing into the settlement-specific database that Epiq had established for its administration of the Settlement (the "Settlement Database"), and (c) the Recognized Loss Amounts that Epiq had provisionally determined to date.

14. I also requested additional information from Epiq.

V.
THE ADMINISTRATION OBJECTIVES

A. Understanding Epiq's Internal Control System

15. To evaluate the Administration Process against the Administration Process Standards, JNL requested from Epiq a description of Epiq's internal control environment, as well as the processes and procedures that Epiq would apply to the receipt, processing, evaluation and storage of Claims and of all related documents and information (the "Internal Control System"). Epiq provided copies of its protocols, policies and practice instructions, and responded to JNL's proprietary Claims Administration Internal Control Questionnaire (the "IC Questionnaire").

16. JNL developed its IC Questionnaire by reference to the AICPA's Trust Services Map, which is based on the work of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and addresses all five AICPA Trust Service Principles (*e.g.*, Security, Availability, Processing Integrity, Confidentiality and Privacy). To tailor the IC Questionnaire for the Engagement, I removed from the AICPA's Trust Services Map certain criteria that were not relevant to the Engagement and added processing integrity criteria that specifically focused on the Administration Process. The result was an IC Questionnaire that consists of 110 questions that addressed the following internal control criteria:

- Availability
- Communication and Information
- Control Activities
- Control Environment
- Legal and Physical Access
- Processing Integrity
- Risk Mitigation
- System Operations

17. The IC Questionnaire requested descriptions of the Administration Process in connection with such relevant features of its Internal Control System as the following:

a. How management—

i. conveys to employees the importance of integrity, of standards of conduct and of ethics;

ii. addresses violations of its principles;

iii. assures competency companywide;

iv. assures the timeliness, accuracy and accessibility of information relevant to Epiq's Internal Control System; and

v. assures that the security of information is protected;

b. How fraud risk is addressed;

c. Segregating incompatible duties;

d. Restricting system access to authorized users and detecting attempted unauthorized system access;

e. Preventing unauthorized system access;

f. Applying antivirus and antimalware software;

g. Evaluating vendor performance; and

h. Addressing business interruption and continuity.

18. 38 questions specifically target Claims processing accuracy and integrity, including how Epiq assures that:

a. the Settlement Database is set up to comply with the requirements of the POA and the Claim;

b. all Claims and any accompanying or later-submitted data—

i. are correctly entered into the Settlement Database;

ii. comply with the Claim and POA requirements; and

iii. are properly classified either as eligible or deficient;

c. deficient conditions are properly determined, identified in the Settlement Database and conveyed to Claimants;

d. quality assurance procedures over POA programming are sufficient;

e. all communications, including deficiency notice and data integrity responses and any Claimant objections, are properly evaluated and applied;

f. Claim auditing and data integrity parameters are sufficient;

g. every Claim has been accounted for either as eligible or rejected;

h. every Authorized Claimant that is entitled to a distribution receives a payment as set forth in the Settlement Database; and

i. no rejected Claim receives a distribution payment.

19. As described in paragraph 13, JNL also participated in multiple video conferences and telephone calls with Epiq personnel.

20. Based on the foregoing, JNL gained an understanding of Epiq's Internal Control System sufficient to permit JNL to obtain reasonable assurance that, taken as a whole, the Administration Process complied in all material respects with the Administration Objectives.

B. Risk Assessment

21. JNL's risk assessment focused on Claims processing (*e.g.*, data entry accuracy and completeness, Claim evaluation and calculation in compliance with the POA) because that is the aspect of any class action settlement administration during which material risk is likely to exist. JNL's evaluation included a variety of considerations, including, but not limited to, the following:

a. JNL reviewed the "Type 2" SOC report that a highly regarded independent certified public accounting firm prepared in connection with Epiq's systems and controls

as they relate to all five AICPA trust service criteria for the period November 1, 2021 to October 31, 2022.[17] That report, which the accounting firm executed on December 22, 2022,[18] includes the following attestation:

> In our opinion, in all material respects, … [t]he controls stated in the description were suitably designed throughout the period November 1, 2021 to October 31, 2022, to provide reasonable assurance that [Epiq]'s service commitments and system requirements would be achieved based on the applicable trust service criteria, … [and t]he controls stated in the description operated effectively throughout the period November 1, 2021 to October 31, 2022, to provide reasonable assurance that [Epiq]'s service commitments and system requirements would be achieved based on the applicable trust service criteria[.]

b. The comprehensiveness and precision of the "Data Entry Procedures" and the "Claims Procedures" that Epiq developed for the Teva Administration Process.

c. The competency and independence of Epiq's Business Analysists (referred to by Epiq as its "Securities Team"), who performed a variety of quality assurance procedures on various aspects of the Teva Administration Process, as described below, and thus provided an independent internal control function. While at GCG, I had direct

[17] A "Type 2" SOC report is the result of an examination that, pursuant to standards promulgated by the AICPA (*see* footnote 12, *supra*), an independent auditor performs concerning whether a service organization's description of its system presents one that (a) was designed and implemented in accordance with one or more of the AICPA's five trust service criteria; (b) includes controls that were suitably designed to provide reasonable assurance that, if those controls operated effectively, the service organization's service commitments and system requirements would, based on those criteria, be achieved; and (c) whether the controls actually operated effectively throughout a specified period of time to provide reasonable assurance that the service organization's service commitments and system requirements *were* achieved based on the selected trust service criteria. *See, e.g.*, Guide, *SOC 2 Reporting on an Examination of Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy*, ¶1.04 (AICPA 2018) ("SOC 2 Guide").

[18] Epiq's claims processing was substantially, but not entirely, completed by March 31, 2022. Accordingly, the period of the SOC examination included the period during which Epiq performed the substantial majority of the Administration Process.

experience with a similar function and with the Senior Business Analyst who was previously employed at GCG and was responsible for performing some, and overseeing substantially all, quality assurance procedures for the Teva Administration Process.

d. The breadth of the quality assurance procedures that Epiq performs in connection with the securities class action settlement administrations that it conducts, including the Teva Administration Process. Those quality assurance procedures are performed by the Securities Team, as well as by the project management team assigned to the Teva Administration Process. Epiq provided JNL with a report (the "QA Checklist") that reflects the procedures performed and the dates on which they were completed. The procedures that were performed on the Administration Process included, but were not limited to, queries of the Settlement Database:

i. to identify any completely defective Claims, including those with no "Recognized Claim" amount, as defined in the POA, that were marked eligible;

ii. to identify any eligible Claims that had defects;

iii. to verify that any Claim that had defects with one or more but not all transactions presented were coded appropriately; and

iv. to verify that all incomplete or denied Claims had defect codes.

e. Epiq's responses to the IC Questionnaire, including Epiq's Employee Handbook and its whistleblower and fraud risk management and vendor risk management policies, concerning, for example, Epiq's ethics and honesty, as well as related activities and companywide communications concerning the need to perform internal control procedures that reasonably assure materially accurate claims processing.

f. My work at GCG, my work at BLB&G overseeing the administrations conducted by Epiq and by its predecessor entities of settlements of securities class actions, my work at FRS in connection with assuring the fair treatment of FRS's clients in Epiq's administrations of class action settlements, and JNL's regular interactions with Epiq project management personnel during the Engagement.

g. Epiq's responses to the IC Questionnaire concerning processing integrity, including reducing the risk of material non-compliance from such factors as, for example, personnel who lack the necessary competencies, information systems that fail accurately to capture transactions and balances presented on Claims, and claims processing procedures and practices that are not aligned with the requirements in the Engagement.

h. The risk that the market conditions in Epiq's business sector (*e.g.*, price-based competition that limits profitability and thus incentivizes the reduction in, or elimination of, internal control procedures) would cause the Administration Process not to comply with the Administration Objectives.[19] Because Epiq's contract with the Settlement Class was a form of the "all in" one price per claim processed regime, JNL, even though it assessed the strength of Epiq's Internal Control System as high, performed analytical and other substantive procedures in connection with the Deficiency Process.

i. The performance of Epiq's Teva project management team. In addition to sharing information and ideas during video conferences and calls, JNL was able to, and did, observe and evaluate the character of the responses provided by several Epiq

[19] JNL is very familiar with the market environment in the claims administration business sector. That environment is examined in detail in *What You Don't Know Will Hurt You*.

representatives, each of whom possessed substantial experience in connection with the administration of settlements of securities class actions, as well as the thoroughness and accuracy of the data that they provided throughout the Engagement.

22. Based on the foregoing, JNL determined that Epiq's Internal Control System reduced to an appropriately low level the risk that the Administration Process would fail materially to comply with the Administration Objectives. In particular, JNL determined that Epiq's use of its longstanding processes and procedures reduced to an appropriately low level the inherent risk – that is, the susceptibility to error – that the Administration Process would not comply in all material respects with the Administration Objectives.

VI.
ADMINISTRATION PROCESS OBJECTIVE AND FAIRNESS OBJECTIVE

23. Because JNL assessed as high the strength of Epiq's Internal Control System, JNL placed substantial reliance on it. JNL also noted Class Counsel's extraordinarily diligent oversight of Epiq. JNL's assessment included testing of the key controls focusing on the following areas, as described below, in which a material error could significantly impact achieving the Administration Process Objective and the Fairness Objective:

- Processing Accuracy and Integrity
- Late Claims
- The Deficiency Process
- Non-Compliant Nominees

A. Processing Accuracy and Integrity

24. JNL's primary focus was on the processing integrity aspects of the Administration Process, including Epiq's entry into the Settlement Database of data and documents submitted by Claimants, on the data integrity reviews conducted by its independent Securities Team (the "DIR Process"), on how Epiq evaluated Claims to determine whether they met the standards set

forth on the Claim and in the POA, on how those that did not (each, a "Deficient Claim") were addressed in the Deficiency Process, and on how Epiq would conduct the distribution of the Net Settlement Fund. As an initial matter, JNL was satisfied with Epiq's responses to the IC Questionnaire and to additional inquiries made by JNL, and JNL reviewed the QA Checklist for the Administration Process and found that each of the quality assurance procedures applicable to the Administration Process set forth the date on which it was completed.

1. Accurate Data and Document Entry into the Settlement Database

25. Claims are submitted either (a) in paper form, which includes those that are uploaded via the Settlement Website or that are sent by email ("Paper Claims"), or (b) electronically by nominees either via the "Nominee" page of the Settlement Website or by sending to Epiq an external drive ("Electronic Submissions"). Epiq uses different data input processes and procedures, each with its own quality assurance protocols, for those two distinct Claim submission forms.

a. Paper Claims

26. The 27,340 Paper Claims comprise approximately 6.6% of the 413,254 Claims presented to the Court in connection with the Initial Distribution.[20] The 12,580 Paper Claims recommended for acceptance have a total Recognized Claim amount calculated by Epiq of $212,069,164, which constitutes 4.4% of the $4,832,167,517 total Recognized Claim amount that

[20] As described below in paragraph 71, JNL, Class Counsel and Epiq decided to seek the Court's approval to distribute 65% of the Net Settlement Fund (the "Initial Distribution") to Claimants that timely completed the Deficiency Process and the DIR Process, while holding back the remaining 35% of the Net Settlement Fund (the "NSF Reserve") for a later distribution to those Claimants that satisfy the Deficiency Process and DIR Process requirements pursuant to further order of the Court. Unless indicated otherwise, all Claim counts and Recognized Claim amounts set forth herein are only in connection with the Initial Distribution.

Epiq calculated for all Claims recommended for acceptance in whole or in part. JNL's procedures appropriately considered the relatively small number and size of Paper Claims.

27. Epiq enters the data from Paper Claims into the Settlement Database either via optical character recognition, often referred to as "OCR," or by manual keying by Epiq's Processing team. All personnel that engage in data entry are provided with procedures and are required to follow them. As a general matter, Epiq personnel compare the transactional and balance information that is entered onto each Claim to the information set forth on the documentation that accompanied it. Any discrepancies between the information presented on the Claim and in the documentation causes a Claim to be deemed deficient and subjected to the Deficiency Process described below in paragraphs 43-59. Independent personnel perform quality control and assurance procedures, including programmatic queries and reviews of Claims, to ensure the accuracy of data and document entry into the Settlement Database. Approximately 35% of the Paper Claims processed were subjected to quality control review.

b. Electronic Submissions

28. Electronic Submissions typically are made by institutional investors or class action settlement claims management companies (each, an "Electronic Claimant"); a given Electronic Submission often includes tens to thousands of separate claims for an Electronic Claimant's clients and may include thousands (or more) transactions. Here, the 398 Electronic Submissions contained a total of 385,914 separate Claims (each an "Electronic Claim") that included a total of 50,392,840 transactions. Electronic Claims comprise 93.4% of the 413,254 Claims submitted. The 175,960 Electronic Claims recommended for acceptance had a total Recognized Claim amount calculated by Epiq of $4,620,098,353, which constitutes 95.6% of the $4,832,167,517 total

Recognized Claim amount that Epiq calculated for all Claims recommended for acceptance in whole or in part.

29. As is customary generally in connection with the administration of securities class action settlements, Epiq required each Electronic Submission to be accompanied by a signed master proof of claim (the "MPOC"). The MPOC, in addition to satisfying the requirements of a Claim, must be accompanied by documentation satisfactory to Epiq that (a) demonstrates both that (i) the signor of the Electronic Submission has the Electronic Claimant's authority to file it, and (ii) the Electronic Claimant has the authority to file an Electronic Claim on behalf of all of the persons or entities for which or whom it purports to do so, and (b) attests to the truth, accuracy and completeness of the data provided in the accompanying electronic data file. The absence of a satisfactory MPOC for an Electronic Submission will result in the rejection of all Electronic Claims that it contains**.** The MPOC report provided by Epiq disclosed that, for each of the 398 Electronic Submissions with Claims deemed acceptable, an MPOC was received.

30. The transaction and balance information for each Electronic Submission in the Administration Process was required to be submitted on an Excel workbook (the "Template") that is made available via the Settlement Website. That process, which is customary in connection with the administration of securities class action settlements and is regularly employed by Epiq, avoids the need for data from reams of paper to be entered manually into the Settlement Database. Instead, the information is entered into the Settlement Database electronically directly from each Template. Such digital data entry is less susceptible to error than manual data entry. In addition, the "File Summary" tab for the Template requires the Electronic Claimant to provide batch control totals for the number of Electronic Claims and for the number of transactions included in the Template. Epiq uses those batch control totals to confirm that all

data from each Template has been correctly entered into the Settlement Database. The MPOC report provided by Epiq confirmed that, for each of the 398 Electronic Submissions with Claims deemed acceptable by Epiq, both the number of Claims and number of transactions included with the Electronic Submission matched the corresponding number in the Settlement Database.

2. Data Integrity Review

31. To reasonably assure data integrity – that is, that the transaction and balance information set forth on Claims exist and have been accurately entered onto the Claim – for the Administration Process, Epiq, as is customary in connection with class action settlement administrations, selected Claims for the DIR Process.

a. Paper Claims

32. As part of the processing of each Paper Claim, Epiq, as described above in paragraph 27, compares the information in the Claim to the information in the accompanying supporting documents. Any discrepancies are addressed as part of the Deficiency Process that is described below in paragraphs 43-59.

33. In addition, the Paper Claims that had calculated to the highest Recognized Claim amount were subjected to additional reviews. Those reviews included, as necessary, a second review of claims processing, as well as additional targeted reviews of the Paper Claim to ensure its validity.

34. The report that Epiq provided to JNL reflected the results of these procedures. The total Recognized Claim amount for the Paper Claims selected was approximately 76.6% of the total Recognized Claim amount calculated by Epiq for Paper Claims presented to the Court in connection with the Initial Distribution.

b. Electronic Submissions

35. As part of its DIR Process, and as is customary in connection with the administration of settlements of securities class actions, Epiq, based on Recognized Claim amounts and Recognized Loss Amounts, as well as other relevant criteria, requested from selected Electronic Claimants documentation to support selected transactions and ending holdings.

36. To guard against inaccurate or potentially fraudulent information in Electronic Claims, especially because they represent 93.4% of the Claims submitted and 95.6% of the total Recognized Claim amount, JNL coordinated with Class Counsel and Epiq to establish the appropriate DIR Process selection parameters, as follows:

a. Tier 1: The largest Electronic Claims that collectively comprise 80% of the total Recognized Claim amount for all Electronic Claims.

b. Tier 2: A sample of 100 Electronic Claims, each with a Recognized Claim amount equal to or greater than $10,000, from those that were not included in Tier 1.

In addition, as Claimants provided responses to DIR Process inquiries or otherwise submitted additional documentation, any Claims that, prior to such submissions, did not meet the DIR Process selection criteria but that, as a result of those submissions, did meet the threshold for DIR Process selection, were subjected to the DIR Process. As "claims-in-process," those Claims are not included in the Initial Distribution or in the summary statistics provided herein.

37. 778 Electronic Claims from 136 Electronic Submissions were subjected to Epiq's DIR Process. At the time the selection was made, the $4,984,959,175 of total Recognized Claim amount of those Electronic Claims represented approximately 80% of the $6,225,224,880 total Recognized Claim amount for all Electronic Claims, and the $6,141,336,414 total Recognized Claim amount for the 136 Electronic Submissions from which the 778 Electronic Claims were

selected represented approximately 98.65% of that total Recognized Claim amount for all Electronic Claims. The total Recognized Claim amount for those of the 778 Electronic Claims remaining after all revisions and modifications made as a result of the DIR process is $4,678,031,295.

38. The DIR Process for Electronic Submissions consisted of requests for third-party documentation of transactions and holdings. For each Electronic Claim selected, supporting documentation was requested for 3 transactions or holding amounts. At various points in the Administration Process, Epiq provided JNL and Class Counsel with reports that summarized the status of the DIR Process, including a report as of May 5, 2023, which disclosed that each of the 778 Electronic Claims that Epiq identified for inclusion in the DIR Process was subjected to additional scrutiny by Epiq's Securities Team.

3. Review for Questionable Claims

39. It is common in class action settlement administrations that some proofs of claim present characteristics that may warrant further scrutiny. Those characteristics include anomalies in the data submitted; Electronic Claimants previously unknown to the administrator; and "red flags" of questionable Electronic Claims. Epiq identified 7 such Claims for review; none were recommended for acceptance.

4. Overall Analytical Considerations

40. Upon completion of claims processing, Epiq conducted a final review of its claim processing and of the status of the Administration Process. This final review includes the evaluation of quality assurance and quality control procedures, including the number of Claims that were subjected to those reviews, and the identification of any matters that were out of the

ordinary or that may otherwise merit further consideration, including Claimants that have requested Court review of the recommended disposition of their Claims.

41. At the conclusion of each class action settlement administration, and in preparation for providing Class Counsel and the Court with a final report that includes its administrative decisions regarding claims received, Epiq completes a further review. That review is a wholistic review of the administration, including the relevant case statistics provided in its final report, such as notices mailed, claims received, the number of deficient claims and the reasons therefor, the claims to be paid, the claims not to be paid and any potential risks.

42. JNL reviewed the reports that summarize both reviews and determined the thoroughness of Epiq's evaluation of each component of the Administration Process, including the handling of case-specific risk areas.

B. The Deficiency Process

1. Overview

43. During the Deficiency Process, Claimants that submitted Deficient Claims (each, a "Deficient Claimant") are notified of those deficiencies and provided with the opportunity to attempt to cure them. Deficient Claims may be wholly deficient (*e.g.*, those that are duplicates of other Claims), while others may be only partially deficient (*e.g.*, those for which certain but not all transactions are unsupported by documentation).

44. The Deficiency Process is a control over erroneously underpaying or rejecting Claims. Each Deficient Claimant was sent a notification (each, a "Deficiency Notice") that (a) identified each deficiency and explained the means, if possible, to cure it; (b) provided a deadline to respond; (c) advised that, to the extent any deficiency was not cured by the deadline, the Deficient Claim will be recommended for rejection; and (d) advised of the right to request review

by the Court of Epiq's determination and described the steps to request such a review. Having been sent Deficiency Notices, Deficient Claimants who believe that their Claims are valid are incentivized to act in their own interests by curing the deficiencies (if possible). The risk of erroneous underpayment is also mitigated through the establishment of the 35% NSF Reserve.[21]

45. The Deficiency Process is, for most settlement administrations, where the rubber meets the road: If the Deficiency Process is not properly conducted, a claims administrator may incorrectly classify "ineligible claimants" – those that are not class members or that submit proofs of claim that are partially or completely defective – as "legitimate claimants," and erroneously distribute to the former recoveries that should have gone to the latter.[22]

46. It is important to ensure that the Deficiency Process is properly conducted because it is the most labor-intensive, time consuming and expensive phase of any class action settlement administration. For example, to properly classify a claim as deficient, a claims administrator must establish suitable protocols and, based on the costs and benefits of the administration for each settlement, establish appropriate standards and tolerances for determining when a claim form is acceptable and when it is not, and all deficient conditions identified must be explained to the claimant through written correspondence. Also, as the number of Deficient Claims increases, so too will the number of claimants that may request judicial review of a claims administrator's determinations, which, in turn, results in increased costs for the administrator.

47. What I call "Truly Deficient Claims" – those with deficiencies that are curable – are harder and more costly to identify and resolve than what I call "Rejectable Claims" – those with

[21] *See* Status Rpt. Re: Claims Admin., Settle. Website, and Initial Distrib. (the "November 2022 Status Rpt."), ECF 972, at ¶6.

[22] A discussion of that process is set forth in *What You Don't Know Will Hurt You*.

non-curable deficiencies.[23] Because Truly Deficient Claims have curable deficiencies, they require greater scrutiny of claim forms and supporting documentation than do Rejectable Claims. For example, when claimants respond with additional documentation and information, all newly submitted data must be input, processed and evaluated to determine whether any or all deficient conditions have been cured; and because new "cure" submissions may be inadequate or raise additional deficient conditions, a claims administrator must engage in additional communications, adding further processing and evaluation cycles.

48. As a result, the Deficiency Process almost always is the most time consuming and expensive facet of any class action settlement administration, and, therefore, Deficiency Process procedures are the most prone to fall victim to shortcuts (or elimination altogether). Also, because claims administrators often are selected via a single price point per proof of claim processed, it is important to ensure that claims administrators do not take the path of least resistance by simply deeming as eligible an unreasonably high proportion of questionable claims rather than subjecting them to the more costly (but necessary) scrutiny that is required.

2. Conducting a Fair, Efficient and Effective Deficiency Process

49. Claims administrators must balance rigor against efficiency when conducting an appropriate Deficiency Process. At times, substantial expenditures of time result from, among other things, (a) using correspondence that is difficult for claimants to understand, which creates confusion and further rounds of communication; and (b) the submission of so-called "Placeholder

[23] "Truly Deficient Claims" contain curable deficiencies, such as proofs of claim that do not balance, that include transaction prices that are outside the range of prices at which the security traded on the relevant dates, or that provide insufficient documentation. "Rejectable Claims" contain non-curable deficiencies, such as no transactions conducted during the class period, no eligible securities claimed, or the claim is a duplicate of another claim.

Claims," which are proofs of claim that, to avoid being deemed late, are filed prior to a claim filing deadline but without the required transactional information.[24] To assure that an efficient and effective Deficiency Process was applied fairly and is consistent with Rule 23(e)(2)(C)(ii) and Rule 23(e)(2)(D), JNL suggested or supported several steps, as described below.

a. Effective Deficiency Notice Content

50. To comply with paragraph 5.9 of the Stipulation and assure that any deficiencies identified by Epiq are effectively communicated to Claimants, JNL reviewed and suggested modifications to Epiq's Deficiency Notice templates. It is my opinion that those templates, as modified by JNL and Class Counsel, clearly presented in plain and concise language both the character of the deficiencies identified and how Claimants may have resolved them.

b. Efficiently and Fairly Addressing Placeholder Claims

51. Placeholder Claims are timely-filed-but-deficient claims that customarily are addressed as part of the Deficiency Process. Often, but not always, those claims are filed as a claim submission deadline approaches.[25] Customarily, Deficiency Notices are not disseminated to Deficient Claimants until substantially all submitted claims have been processed. It is my view, however, that Placeholder Claims ideally should be addressed earlier because they lack transactional information, and such information will require further review once it is provided. Otherwise, waiting to address Placeholder Claims as part of the traditional Deficiency Process

[24] A description of the impact that Placeholder Claims have on settlement management is provided in *Late & Placeholder Claims*.

[25] I refer to those types of Placeholder Claims as "Deadline-Imminent Placeholder Claims." *See Late & Placeholder Claims* at 12.

may trigger a second round of Deficiency Notices if the later-provided information and documentation is deficient.

52. I suggested, and Class Counsel and Epiq agreed, that, as soon as practicable after the claims filing deadline, Epiq would disseminate to each Claimant that filed a Placeholder Claim (each, a "Placeholder Claimant") notification that advised that, unless all necessary data was provided within twenty days, the Placeholder Claim would be rejected. Epiq sent a total of 29 notices to Placeholder Claimants; of those, 13 responded with the requested information.

53. Expediting the initial notification for Placeholder Claims was designed promptly to provide Epiq with the data and documentation it needed to process them in the first instance. In this way, should any resulting information and documentation be deficient, those deficiencies may, in the later-conducted Deficiency Process, be addressed in the same manner as all other Claimants that timely submitted Deficient Claims.[26]

3. Analytical Evaluation of the Deficiency Process

a. Overview

54. JNL employed analytical procedures to evaluate the overall efficacy and fairness of the Deficiency Process. JNL chose an analytical approach because (a) the Deficiency Process lends itself to effective evaluation via analytical procedures, and (b) JNL assessed Epiq's Internal Control System as likely to prevent, or to detect and correct, a material error.[27] To evaluate the overall reasonableness of the Deficiency Process, JNL compared specific metrics of Epiq's results

[26] Placeholder Claims for which information and documentation were provided after the deadline were treated as "Late Claims," *see* ¶¶60-63, *infra*, which are Claims submitted after the May 17, 2022 Claim submission deadline established by the Court, *see* PAO at ¶15.

[27] *See* ¶¶21-22, *supra*.

to a statistical analysis that I conducted of the deficiency processes from the administrations of 325 previous securities class action settlements (the "Settlement Analysis").[28] If Epiq's results compared favorably to the results obtained in the Settlement Analysis,[29] that would, in my professional judgment, provide reasonable assurance that the Deficiency Process conducted by Epiq was free of material misstatement.

b. The Settlement Analysis

55. I developed a metric that I believe evaluates the effectiveness of the Deficiency Process in any settlement administration: the percentage of total claims processed represented by uncured Truly Deficient Claims—that is, Claims that have one or more curable deficiencies but that are rejected because they were not cured. The higher that percentage, the greater the effort expended by the claims administrator to identify and properly classify and process those claims as deficient rather than as eligible. Deficiency Processes that lack the scrutiny necessary properly to classify Deficient Claims as ineligible, will have a lower percentage. That metric thus measures the degree to which, by properly rejecting rather than accepting ineligible claims, a claims administrator maximized payments to legitimate claimants. Because the proportion of rejected claims may vary by settlement, I compared total uncured Truly Deficient Claims to total claims processed to ensure an apples-to-apples comparison. This is shown in the two examples set forth below, each of which is based on a hypothetical 1,000-claim administration:

[28] *See, e.g.*, *What You Don't Know Will Hurt You*, at 14-16.

[29] *See, e.g.*, *What You Don't Know Will Hurt You*, at 18-26.

Comparing Total Uncured Truly Deficient Claims to Total Rejected Claims							
Administrator	Accepted Claims	Rejected Claims			Total Claims Processed	Uncured Deficient Claims as a Percentage of	
		Rejectable Claims	Uncured Deficient Claims	Total Rejected Claims		Total Rejected Claims	Total Claims Processed
X	800	100	100	200	1,000	50%	10%
Y	600	200	200	400	1,000	50%	20%

Because rejected uncured deficient claims were 50% of total rejected claims for each administrator, they seem to be comparable. But when their results are compared to total claims processed, Administrator Y rejected 20% of claims as uncured deficient claims, which is twice Administrator X's 10%.

Comparing Total Rejected Claims Solely to Total Claims Processed							
Administrator	Accepted Claims	Rejected Claims			Total Claims Processed	Total Rejected Claims as a % of Total Claims Processed	Uncured Deficient Claims as a % of Total Claims Processed
		Rejectable Claims	Uncured Deficient Claims	Total Rejected Claims			
X	200	600	200	800	1,000	80%	20%
Y	200	200	600	800	1,000	80%	60%

Because each administrator rejected 80% of total claims processed, they again appear comparable. But when rejected uncured Truly Deficient Claims are compared to total claims processed, Administrator Y's 60% is three times Administrator X's 20%.

56. The results of the Settlement Analysis are shown below. On average, the claims administrators in the Settlement Analysis rejected as uncured Truly Deficient Claims 3% of total claims processed. That figure ranged up to an average of 7% for the claims administrator with the highest percentage of uncured Truly Deficient Claims as a percentage of total claims processed, and, therefore, the "best" Deficiency Process, and down to an average below 1% for the claims administrator with the "worst" Deficiency Process:

Claim Category	Worst	Average	Best
Rejected Uncured Truly Deficient Claims	<1%	3%	7%
Rejected Rejectable Claims	45%	38%	21%
Accepted Claims	54%	59%	72%

Looking only at rejected claims, the percentages of uncured Truly Deficient Claims (and Rejectable Claims) show, for example, that, on average, the claims administrators in the Settlement Analysis rejected as uncured Truly Deficient Claims 14% of total rejected claims:

Rejected Claims	Worst	Average	Best
Uncured Truly Deficient Claims	1%	14%	26%
Rejectable Claims	99%	86%	74%

c. <u>Comparison to the Teva Administration Process</u>

57. The results obtained in the Teva Deficiency Process are as follows:

a. Out of a total of 413,254 Claims processed, 188,540, or approximately 45.6%, were deemed accepted in whole or in part, and 224,714, or approximately 54.4%, were identified by Epiq as Deficient Claims. Out of those 224,714 Deficient Claims, 23,872, or approximately 5.8%, of total claims processed, were Truly Deficient Claims, and 200,842, or approximately 48.6% of total claims processed, were Rejectable Claims; and

b. The 23,872 Truly Deficient Claims that were not cured represent approximately 10.6% of the 224,714 Claims that Epiq recommends for rejection.

58. The 5.8% of uncured Truly Deficient Claims is 2.8% *better* than the 3% average result, and just 1.2% shy of 7% "best" result, obtained in the Settlement Analysis. And although Truly Deficient Claims rejected comprised 10.6% of the rejected Claims, which is 3.4% below the 14% average result obtained in the Settlement Analysis, that result should not be evaluated in a vacuum. The result of Epiq's Deficiency Process must also consider the impact caused when the "no in and out losses" requirement of the Plan of Allocation is combined with the almost three-

year period from the beginning of the Class Period to the date of the first corrective disclosure.[30] 108,400 rejected Claims, or approximately 26.2% and approximately 54% of total Claims processed and total claims recommended for rejection, respectively, were rejected because the Recognized Claim calculated to no loss. 81,835, or approximately 75%, of those 108,400 rejected "no loss" Claims had transactions within the period prior to the first corrective disclosure, with 76,696, or approximately 94% of those, which constitute approximately 71% of the total 108,400 "no loss" rejected Claims, only having transactions within the period prior to the first corrective disclosure. Had the period prior to the first corrective disclosure been shorter, there would have been fewer rejected "no loss" Claims and a correspondingly higher number of accepted Claims, which would have yielded an even higher proportion of uncured Truly Deficient Claims both of total Claims processed and of total Claims recommended for rejection.

59. When the results of Epiq's Deficiency Process are considered in light of the foregoing, they compare favorably to those obtained in the Settlement Analysis, and, therefore, provide reasonable assurance that Epiq's Deficiency Process was free of material misstatement.

C. <u>Fairly and Efficiently Addressing Late Claims</u>

60. As ordered by the Court, "Class Counsel may, in its discretion, accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby."[31] Accordingly, Class Counsel

[30] "[T]o have an Exchange Act Recognized Loss Amount, an Authorized Claimant must have purchased or otherwise acquired Teva ADS during the Class Period and held such Teva ADS through at least one of the alleged corrective disclosures that removed artificial inflation from the price of Teva ADS." POA ¶7. For ADSs, the Recognized Loss Amount is zero for eligible securities sold during the 2 years and 9 months from February 6, 2014 and November 3, 2016 is zero. *See, e.g.*, POA ¶8.a.

[31] Order Prelim. App'g Settle. & Providing for Class Notice, ECF 929, at ¶15.

and Epiq informed the Court that Epiq will continue to process claims received or postmarked after May 17, 2022, "until such time as the receipt and processing of new late claims will impact decisions on disbursements"; during the Settlement Hearing, Class Counsel confirmed that Late Claims would be accepted "until the end of July [2022] at a minimum."[32]

61. When considering how to treat Late Claims, it is important to stay faithful to the twin, though sometimes competing, goals of including in the recovery as many class members as possible and getting that recovery into their hands as expeditiously as possible.[33] Accordingly, Class Counsel, in consultation with Epiq and JNL, recommended that, for purposes of the Initial Distribution, the Court accept otherwise eligible Late Claims that were received by Epiq on or before December 9, 2022 (the "Claims Processing Conclusion Date").[34] This treatment of Late Claims is consistent with the practice generally followed in the distribution of non-reversionary common fund class action settlements.[35]

62. Accordingly, Class Counsel informed the Court that the home page of the Settlement Website would be updated as follows:

> While the deadline for submitting a claim in this action was May 17, 2022, Lead Counsel intends to recommend, subject to Court approval, that valid claims postmarked or electronically submitted by December 9, 2022 receive payment from the initial distribution of the Net Settlement Fund. Claims postmarked or submitted after December 9, 2022 will not be included in the initial distribution,

---

[32] *Compare* Status Rpt. Re Notice of Class Settle., ECF 955, at ¶7 *with* Settle. Hr'g. Tr. at 33:1-5.

[33] *See* footnote 9, *supra*.

[34] *See* November 2022 Status Rpt. at ¶¶1-4, 7.

[35] *See, e.g.*, *In re Dynamic Random Memory (DRAM) Antitrust Litig.*, MDL No. 1486, Jt. Mot. Distrib. Settle. Funds, Doc. 2273, at 11:4-17 (N.D. Cal. May 4, 2016) ("Although the initial claims deadline was August 1, 2014, the distribution has not been delayed by the additional claims filed …, and considerations of overall fairness to the Settlement Class outweigh any prejudice to those class members who filed in the 'first wave' of claims by August 1, 2014.").

> and if you submit such a claim, you are required to include a written explanation for the late submission and any supporting documents.[36]

63. This tried-and-true approach avoids the substantial time and expense that would have been required to engage in a claim-by-claim excusable neglect analysis for approximately 8,918 Late Claims. It also avoids delaying the distribution to Claimants that submitted their claims on or before the Claims Processing Conclusion Date.[37] In my opinion, this is the fairest and most effective way to "to get as much of the available damages remedy to class members as possible and in as simple and expedient a manner as possible."[38]

D. Fairly Treating Settlement Class Member-Clients of Non-Compliant Nominees

64. On or around May 3, 2022, Epiq advised Class Counsel and JNL that two nominees had not complied with the Court's direction. As a result, over 70,000 putative Settlement Class Members would receive the Notice after the May 2, 2022 exclusion deadline and the May 12, 2022 objection deadline, and shortly before or after the May 17, 2022 claim filing deadline. Class Counsel, Epiq and JNL determined that the affected Settlement Class Members should be permitted to request exclusion or submit objections after those deadlines (as long as they were received before the Settlement Hearing), and to submit Claims after the claim filing deadline until the Claims Processing Conclusion Date.[39]

[36] November 2022 Status Rpt. at ¶5.

[37] The treatment of Claims submitted after the Claims Processing Conclusion Date will be addressed in connection with a subsequent distribution of the NSF Reserve and of any funds available as a result of Initial Distribution checks not being cashed.

[38] *See* footnote 9, *supra*.

[39] *See* Status Rpt. re Notice of Class Settlement, ECF 955 (May 4, 2022).

VII.
ALLOCATION OBJECTIVE

65. To reasonably assure that the Administration Process will comply in all material respects with the Administration Objectives, the Net Settlement Fund must be allocated in material compliance with the Court-approved POA. Given the significance of the POA, JNL conducted concurrent testing to evaluate Epiq's POA programming (*i.e.*, the electronic rules that apply the POA to Claims entered into the Settlement Database). JNL focused on obtaining reasonable assurance that the Recognized Loss Amounts would, in all material respects, be calculated according to the formulas set forth in the POA, and then aggregated for each Claim, as provided in the POA, to determine the Recognized Claim for each Settlement Class Member.

66. JNL gained a clear understanding of the POA, including through relevant documents, including the Complaint (ECF 310); the Stipulation (ECF 919-2); the Notice, including the POA (ECF 928-5); and the Claim (ECF 928-3). Thereafter, JNL conducted video conferences with Class Counsel to discuss the POA and to resolve questions that JNL had concerning its development and application. All such questions were resolved to JNL's satisfaction.

67. JNL next turned to Epiq's programming of the POA. JNL gained sufficient knowledge of Epiq's POA quality assurance procedures to evaluate whether, if those procedures were applied as described by Epiq, they would identify any material errors in the POA programming. In that connection, Epiq provided its technical requirements template for the POA, participated in a video conference with Class Counsel and JNL, and appropriately applied modifications to the template such that Class Counsel, JNL and Epiq agreed that the programming set forth on the template as revised complied in all material respects with the POA.

68. The quality assurance process employed by Epiq to test the programming of the POA, as set forth in the QA Checklist, included, among other controls, independent testing by Epiq's Securities Team. To gain the necessary level of understanding of those quality assurance methodologies, JNL conducted several video conferences with the Epiq Client Service Director responsible for the Administration Process and with the Epiq Senior Business Analyst responsible for quality assurance for the POA programming, both of whom were familiar to JNL both from previous interactions and from interactions during the Engagement, and both of whom had substantial experience in such matters. The primary component of those procedures, as is customary in the administration of securities class action settlements, is running sample (*i.e.*, not live) transactions through the programmed POA in a test environment. Epiq designed those sample transactions to test each component of the POA for each eligible security, and included test claims that implicated multiple POA provisions. Based on those conversations, JNL concluded that the quality assurance methodologies used by Epiq's Securities Team, if conducted as described, were likely to identify material errors (if any) in Epiq's programming of the POA.

69. JNL then sought to verify whether the quality assurance protocols, taken as a whole, were applied as described by Epiq. JNL requested, and Epiq's Securities Team provided, samples of the quality assurance testing that they conducted. The quality assurance testing documentation that was provided to JNL concerned all relevant POA provisions, as follows:

a. FIFO matching of purchase and sale transactions;[40]

[40] POA ¶¶16; 8.b.i, 8.d.i.

b. Exchange Act Recognized Loss Amounts for Teva ADS,[41] including purchases before the start and after the end of the Class Period, and purchases by the Teva ESPP;[42]

c. Securities Act Recognized Loss Amounts for Teva ADS,[43] including the "greater of" Exchange Act or Securities Act provisions,[44] and "short" sales;[45]

d. Securities Act Recognized Loss Amounts for Teva Preferred Shares;[46]

e. Securities Act Recognized Loss Amounts for Teva Notes,[47] including the treatment of gains;[48]

f. Treatment of deficient transactions;[49] and

g. Treatment of out-of-balance claims—that is, when the number of shares or notes for a given security at the beginning of the Class Period, after giving effect to purchases and sales during the Class Period, does not equal the number of shares or notes for that security held at the end of the Class Period.[50]

JNL independently recalculated each sample transaction. Questions concerning the application of certain POA provisions were resolved to JNL's satisfaction.

---

[41] POA ¶¶8.a, 8.b.i, 8.b.ii, 8.c.i, 8.c.ii, 8.c.iii, 8.d.i, 8.d.ii, 8.d.iii.

[42] POA ¶8.b.i, 8.e & n.3.

[43] POA ¶¶12.a, 12.b.i, 12.b.ii, 12.c.

[44] POA ¶2.

[45] POA ¶¶18-19.

[46] POA ¶¶13.a, 13.b.i, 13.b.ii, 13.c.

[47] POA ¶¶14.a, 14.b.i, 14.b.ii, 14.c, 14.d.

[48] POA ¶3.

[49] POA ¶8.b.1.

[50] POA ¶¶8.b.i, 8.d.i, 13.a, 13.c, 14.c.

70. Based on the foregoing, I believe that the testing independently conducted by Epiq's Securities Team provided reasonable assurance that, when the POA, as programmed, was applied to transactions and balances entered into the Settlement Database, Recognized Loss Amounts would, in all material respects, be calculated according to the formulas set forth in the POA, and that those Recognized Loss Amounts would, in all material respects, be aggregated for each Claim to determine, in accordance with the POA, the corresponding Recognized Claim.

VIII.
INITIAL DISTRIBUTION

71. Throughout the Administration Process, and particularly in connection with the Deficiency Process and the DIR Process, Epiq worked with Claimants to assist them in responding to inquiries. Nevertheless, certain Claimants were not able timely to do so, which threatened to delay distribution to the overwhelming majority of Claimants that had timely submitted Claims and responses to inquiries. As a result, JNL, Class Counsel and Epiq decided to seek the Court's approval of the Initial Distribution.[51] The Initial Distribution process is common in large and complex class action settlement administrations and, I believe, necessary here to meet the goal of "get[ting] as much of the available damages remedy to class members as possible,"[52] while still affording those late responding Claimants opportunity to participate in the Settlement.

[51] Because of the size and complexity of the Administration Process, the 35% "holdback also includes funds that may be necessary to address any subsequently identified underpayments to Claimants.

[52] *See, e.g.*, footnote 9, *supra*.

IX.
JNL COMPENSATION

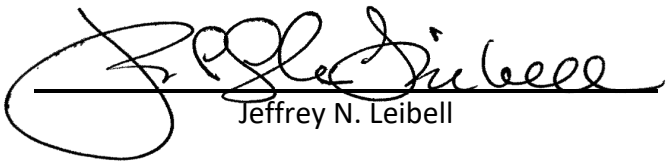
72. In connection with performing the Services, JNL expended 114.75 hours for total time charges of $86,062.50. JNL received $5,000.00 as a retainer in 2022, leaving a balance due of $81,062.50.

X.
CONCLUSION

73. The Services performed by JNL, as described above and subject to the qualifications and scope set forth herein, provide reasonable assurance that, taken as a whole, the Administration Process complied in all material respects with the Administration Objectives and, therefore, that it was fair and accurate. More specifically, the Administration Process (a) was consistent with standards and practices commonly applied by claims administrators in their administrations of similar class action settlements; (b) likely treated Claimants fairly and reasonably in relation to one another; and (c) was consistent with the POA.

I declare under penalty of perjury pursuant to Section 1746 of Title 28 of the United States Code that the foregoing is true and correct.

Executed on June 12, 2023 in Great Neck, New York.



Jeffrey N. Leibell

EXHIBIT 1

JNL
The JNL Firm, LLC
Class Action Settlement Management
80 Baker Hill Road
Great Neck, New York 11023

Jeffrey N. Leibell
jeff@jnlfirm.com
(516) 652-2040
www.jnlfirm.com

SETTLEMENT MANAGEMENT AGREEMENT:

In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)

This Class Action Settlement Management Agreement (the "**Agreement**") is entered into between The JNL Firm, LLC ("**JNL**") and Bleichmar Fonti & Auld LLP ("**Class Counsel**") as of April 7, 2022. JNL and Class Counsel also are referred to herein individually as a "**Party**" and collectively as the "**Parties**."

WHEREAS, Class Counsel wishes to retain JNL solely for the benefit of the class or classes certified in the Action (collectively, the "**Class**"), and JNL wishes to be so retained, to provide, in connection with all settlements (the "**Settlements**") obtained in the above-entitled action (the "**Action**"), the class action settlement management services set forth in the **Exhibit** hereto (the "**Services**").

NOW, THEREFORE, on the basis of the foregoing premises and in consideration of the mutual promises and agreements contained in this Agreement, the Parties agree as follows:

1. Engagement of JNL. Class Counsel hereby engages JNL in connection with the Settlements to provide to the Class the Services beginning on the date first written above and ending as set forth below in **Paragraph 15** (the "**Service Period**"). In connection such retention of JNL, Class Counsel agrees as follows:

(a) JNL owes no duty to Class Counsel; JNL's duties are to the Class;

(b) Class Counsel grants to JNL the authority possessed by Class Counsel that, in JNL's reasonable professional judgment, is necessary for JNL successfully to provide the Services;

(c) Class Counsel shall cooperate in a timely manner with JNL's reasonable requests.

(d) JNL has not been retained to perform, nor is JNL responsible for performing, any services other than the Services.

(e) Other than as set forth in **subparagraph (a)** of this **paragraph 1**, this Agreement is between JNL and Class Counsel; third-party beneficiaries are not intended.

2. No Conflict of Interest. Without the prior written approval of Class Counsel, which approval may be denied in Class Counsel's sole discretion, neither JNL nor its principal shall submit for itself, himself or on behalf of any putative member of the Class a proof of claim to participate in the Settlements.

3. JNL Is an Independent Contractor. Class Counsel engages JNL as an independent contractor. As such, Class Counsel shall not be responsible for federal, state or municipal taxes of whatever character with respect to JNL's compensation for performing the Services, which taxes are the sole responsibility of JNL. Class Counsel shall issue to JNL IRS Forms 1099, as well as any applicable tax statements, related to compensation that JNL earns pursuant to performing the Services.

4. The Services Are Not Legal Services. Class Counsel acknowledges and agrees that the Services are business in nature, and, accordingly, that, although JNL's principal is an attorney, JNL, by providing the Services, (a) is not Class Counsel's attorney, (b) is not providing legal advice, and (c) is not practicing law. Class Counsel further acknowledges that the status of JNL's principal as

CLASS ACTION SETTLEMENT MANAGEMENT AGREEMENT:
In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)
(continued)

an attorney will not by itself cause communications between Class Counsel and JNL to be subject to, and protected from disclosure by, the attorney-client privilege.

5. Compensation. JNL's fees for performing the Services shall be billed at JNL's regular hourly rate of $750. JNL also shall be entitled to reimbursement of any out-of-pocket expenses that have been pre-approved by Class Counsel. An initial retainer of $5,000 shall be due within five (5) business days of the date on which Class Counsel executes this Agreement. Thereafter, JNL shall render to Class Counsel invoices that, when Class Counsel submits to the Court a motion to distribute the net settlement fund for the Settlements, Class Counsel shall submit to the Court for approval. All payments shall be made via wire transfer or ACH, as set forth on each invoice, within ten (10) business days of the Court's approval thereof.

6. Confidentiality.

(a) To the extent that, in connection with the performance of the Services, JNL comes into possession of any of Class Counsel's proprietary or confidential information, JNL will not disclose such information to any third party without consent, except:

(i) as permitted in this Agreement, including, but not limited to, as set forth below in **Paragraph 9** and **Paragraph 10**;

(ii) as may be required by law or regulation, by judicial or administrative process, in accordance with applicable professional standards, or in connection with litigation pertaining hereto; or

(iii) to the extent such information

A. shall have otherwise become publicly available, including, without limitation, any information filed with any court or governmental agency and available to the public other than as the result of a disclosure by JNL in breach of this Agreement,

B. is disclosed by Class Counsel to a third party without substantially the same restrictions as set forth in this Agreement,

C. becomes available to JNL on a non-confidential basis from a source other than Class Counsel that JNL believes is not by obligation to Class Counsel prohibited from disclosing such information to JNL,

D. is otherwise known by JNL on a non-confidential basis prior to its disclosure by Class Counsel, or

E. is developed by JNL independently of any disclosures of such information made by Class Counsel to JNL.

(b) In addition, Class Counsel acknowledges and agrees:

(i) that Class Counsel and JNL may correspond or convey documentation via Internet email or other electronic means;

(ii) that JNL has no control over the performance, reliability, availability, or security of such Internet email or other electronic means;

(iii) to accept the inherent risks of this form of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of

CLASS ACTION SETTLEMENT MANAGEMENT AGREEMENT:
In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)
(continued)

such communications and the risks of viruses or other harmful devices); and

(iv) that JNL will not be liable for any loss, damage, expense, harm, or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet email or other electronic communication due to any reason beyond JNL's control and subject to the limitations of liability set forth herein.

7. Ownership of Documentation. JNL shall at all times retain ownership of any documents that JNL prepares in connection with the performance of the Services (the "**JNL Documents**") and may seek reimbursement from Class Counsel for any professional time and expenses that JNL incurs in responding to Class Counsel's request for copies of such JNL Documents.

8. Retention of JNL Documents. JNL Documents are maintained in accordance with JNL's document retention policy. It is Class Counsel's responsibility to retain records to comply with applicable statutes and regulations. JNL's records and files, including, but not limited to, JNL Documents, are JNL's property, and are not a substitute for Class Counsel's records. Class Counsel agrees that JNL shall not be liable to Class Counsel for the destruction of JNL's files, including of any original documents Class Counsel may have provided to JNL, consistent with JNL's policies.

9. Use of Service Providers. Class Counsel consents to JNL's sharing of Class Counsel's information with third parties (collectively, "**Service Providers**") that:

(a) JNL retains to assist JNL in providing the Services, and

(b) JNL holds to the same standards of confidentiality and professionalism as JNL.

10. Third-Party Requests. In the event that JNL is requested to provide information related to the Services, or required pursuant to law, regulation, subpoena or applicable professional standards and/or rules to produce information or its personnel as witnesses with respect to the Services, Class Counsel shall reimburse JNL for any professional time and expenses (including reasonable legal fees) incurred to respond to any such request; *provided, however*, that the foregoing shall not apply if JNL is a party to the proceeding or is the subject of the investigation in connection with which the information is sought. JNL shall, to the extent legally permissible, promptly notify Class Counsel of any such request.

11. Non-Exclusivity. Class Counsel expressly understands and agrees that nothing herein shall prevent JNL, during the Service Period and thereafter, from:

(a) rendering to or on behalf of any person or entity other than Class Counsel services of the same or similar nature to the Services, and

(b) seeking new clients to whom or which JNL may provide services of the same or similar nature to the Services.

12. Limitation of Liability. Class Counsel agrees that JNL's maximum liability for any errors or omissions (including negligent errors and omissions) committed by JNL and/or its personnel arising out of or related to the performance of the Services will be limited to the amount actually paid for the Services. Class Counsel also hereby releases JNL and its personnel from any liability, costs, fees, expenses, and damages (including defense costs)

CLASS ACTION SETTLEMENT MANAGEMENT AGREEMENT:
In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)
(continued)

relating to the Services hereunder, that are attributable to any information provided by or on behalf of Class Counsel that is not complete, accurate or current. Except for the indemnification obligation set forth below in **Paragraph 14**, in no event shall either Party be liable to the other Party or its personnel for any consequential, indirect, incidental, punitive or special damages, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

13. Limitations Period. Class Counsel agrees that in no event shall any action or claim, regardless of its form, arising out of or related to the performance of the Services be brought after the earlier of twelve (12) months after

(a) discovery of facts giving rise to any such alleged claim; or

(b) the completion of the Service giving rise to the action or claim (whether or not a final work product is actually delivered or filed).

Any action or claim not brought within that time period shall be barred without regard to any other limitations period set forth by law or statute.

14. Indemnification. Class Counsel shall indemnify and hold harmless JNL and its personnel from and against all claims by third parties and resulting damages, liabilities or losses (including costs and legal fees) arising out of or related to the performance of the Services; *provided, however*, that the preceding sentence shall not apply to the extent that the court overseeing the Action determines that the loss was caused by JNL's gross negligence or willful misconduct. Class Counsel also shall indemnify JNL and its personnel from any liability, costs, fees, expenses, and damages (including defense costs) associated with any third-party claim arising from or relating to any misrepresentation made by Class Counsel to JNL, or the provision by or on behalf of Class Counsel of false or incomplete information.

15. Termination of Agreement. This Agreement shall terminate at 5:00 p.m. Eastern Time on the day that is thirty (30) calendar days after the date on which either Party provides to the other by email sent to the email address set forth in the signature section of this Agreement written notice of such termination (the "**Termination Effective Date**"). JNL shall be entitled to compensation for all Services performed through the Termination Effective Date.

16. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Parties relating to the subject matter described herein, and supersedes any and all prior or contemporaneous understandings and agreements, whether oral or written.

17. Amendment. This Agreement may not be altered, changed, added to, deleted from or modified except through the mutual written consent of the Parties.

18. Assignment. Neither Party may, without the express prior written consent of the other Party, assign any of its rights hereunder, or delegate the performance of any of its duties and responsibilities hereunder.

19. Choice of Law. The laws of the State of New York, without consideration of its choice of law provisions, shall govern the validity of this Agreement, the construction of its terms and the interpretation of the Parties' rights and duties, as

CLASS ACTION SETTLEMENT MANAGEMENT AGREEMENT:
In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)
(continued)

well as the Parties' performance, hereunder. Any such action must be commenced and maintained in the Supreme Court of New York, Nassau County, New York, or, if jurisdictionally appropriate, in the United States District Court for the Eastern District of New York at the Brooklyn Courthouse.

20. Waiver. Waiver of any breach of any provision of this Agreement shall not be, or be construed as, a continuing waiver of that provision or a waiver of any breach of any other provision. No provision of this Agreement, or breach of any provision of this Agreement may be waived unless done so in writing signed by the waiving Party. The failure of either Party promptly or strictly to enforce any provision of this Agreement shall not be deemed to be a waiver of a breach of such provision.

21. Severability. If any provision of this Agreement or any portion thereof is held by a court of competent jurisdiction to be invalid and unenforceable, then the remainder of this Agreement shall remain in full force and effect.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but all of which shall together constitute one document. If one or both Parties intends to sign and deliver this Agreement by electronic transmission, the delivery of the Agreement by electronic transmission shall have the same force and effect as delivery of original signatures, and each Party may use such electronically transmitted signatures to the same extent that an original signature could be used as evidence of the execution and delivery of the Agreement by the other Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

The JNL Firm, LLC

By: 

Jeffrey N. Leibell
jeff@jnlfirm.com

Date: April 7, 2022

Bleichmar Fonti & Auld LLP

By: 

Joseph A. Fonti
jfonti@bfalaw.com

Date: April 7, 2022

JNL
The JNL Firm, LLC
Class Action Settlement Management
80 Baker Hill Road
Great Neck, New York 11023

Jeffrey N. Leibell
jeff@jnlfirm.com
(516) 652-2040
www.jnlfirm.com

SETTLEMENT MANAGEMENT AGREEMENT:

In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)

EXHIBIT

CLASS ACTION SETTLEMENT MANAGEMENT SERVICES

1. Subject to the limitations on Services described below in paragraph 2 of this Exhibit, JNL shall provide only the following Services:

a. Coordinate with the claims administrator approved by the Court (the "**Claims Administrator**") concerning, in connection with the Settlements, the establishment of protocols, processes and timetables (the "**Administration Process**") to comply with the following goals (the "**Administration Goals**"):

i. The Administration Process should be consistent with standards and practices commonly applied in the administrations of class action settlements that, when considering the nature of relevant characteristics, such as, but not limited to, the amount of the recovery, the volume and composition of putative class members, the subject matter of the Action, and the claims asserted in the Action (the "**Relevant Characteristics**"), are similar to the Settlements;

ii. The Administration Process, considering the Relevant Characteristics, is likely to treat fairly and reasonably in relation to one another those members of the Class that submitted proofs of claim to participate in the Settlements ("**Claimants**") taken as a whole; and

iii. The Administration Process is consistent with the plan of allocation and the plan of distribution, as applicable, approved by the Court.

b. Monitor the Claims Administrator's conduct of the Administration Process solely for the purpose of evaluating whether, taken as a whole, it complied with the Administration Goals.

c. Coordinate with the Claims Administrator in connection with its preparation of submissions to the Court, including submissions concerning the conduct and results of the Administration Process.

d. Prepare a submission to the Court concerning the results of this engagement, including whether, based on JNL's performance of the foregoing Services, the Administration Process, taken as a whole, complied with the Administration Goals.

THE SERVICES ARE NOT DESIGNED TO ENABLE JNL TO DISCOVER ANY INTENTIONAL MISCONDUCT, RECKLESSNESS OR NEGLIGENCE ON THE PART OF THE CLAIMS ADMINISTRATOR OR OF ANY OF ITS EMPLOYEES.

CLASS ACTION SETTLEMENT MANAGEMENT AGREEMENT:
In re Teva Securities Litigation, Case No. 3:17-cv-00558 (SRU) (D. Conn.)

EXHIBIT

CLASS ACTION SETTLEMENT MANAGEMENT SERVICES

(continued)

2. In connection with JNL's performance of the Services described above in Paragraph 1 of this Exhibit:

a. JNL shall be entitled to rely on information provided to it by Class Counsel and by the Claims Administrator and shall not be required to verify any such information.

b. JNL is not, and shall not become, responsible for the Administration Process or for the performance of the Claims Administrator or of any of the latter's employees.

c. JNL is not, and shall not become, responsible for the results of any actions directed by Class Counsel unless such actions are recommended by JNL.

d. JNL is not, and shall not become, responsible for the accuracy of the Claims Administrator's work with respect to any specific claim or claims, but, rather, JNL is responsible for evaluating the fairness of the Administration Process taken as a whole and as applied to all Claims taken together.

e. JNL is not, and shall not become, responsible for discovering intentional misconduct, recklessness or negligence on the part of the claims administrator or of any of its employees; *provided*, *however*, that, should JNL become aware of such intentional misconduct, recklessness or negligence, JNL promptly shall notify Class Counsel.

EXHIBIT 2

THE JNL FIRM, LLC

FIRM RESUME

TRUSTED AND RELIABLE CLASS ACTION SETTLEMENT MANAGEMENT

Jeffrey N. Leibell
Principal

JNL

Jeffrey N. Leibell
Principal

P (516) 652-2040
E jeff@jnlfirm.com
W www.jnlfirm.com

EDUCATION

Columbia University School of Law, 1992, J.D., Harlan Fiske Stone Scholar 1990-91, 1991-92; Colombia Business Law Review, Senior Notes Editor 1991-92, Staff 1990-91.

Brooklyn College of the City University of New York, 1979, B.S., *cum laude*, Economics Major on Accounting.

BAR ADMISSIONS

New York and New Jersey (In-house Counsel)

Supreme Court of the United States

United States Courts of Appeals for the Second, Third, Fourth and Sixth Circuits and for the Armed Forces

United States District Courts for the Southern and Eastern Districts of New York; the Eastern District of Michigan and the District of Colorado

"I've devoted the last 25 years of my legal career representing clients in a highly specialized niche of class action law: addressing the issues that, under Rule 23(e), are presented by settlements and their allocation and distribution."

Executive Summary

The Firm's principal, Jeffrey Leibell, has devoted the last 25 years to representing clients in the highly specialized niche of addressing the issues that, under Rule 23(e), are presented by class action settlements and their allocation and distribution. Jeff's legal career began when he graduated from Columbia Law School in 1992, where he was a two-time Harlan Fiske Stone Scholar and was the Senior Notes Editor and a member of the Columbia Business Law Review. His professional career began 17 years earlier when he graduated *cum laude* from Brooklyn College with a B.S. in Economics, Major in Accounting. Although he was fascinated with the law, Jeff chose accounting because his only family member that had any degree of success, his maternal uncle, was an accountant. Upon graduation, Jeff joined Touche Ross & Co. (now Deloitte) where he spent the better part of the next 12 years auditing and providing litigation consulting for "Fortune" and other companies in a variety of industries. During a particularly grueling over 2-year litigation consulting engagement, his wife, who at that time was a medical resident after having spent ten years as a registered nurse and having completed the necessary course work to meet medical school eligibility requirements, convinced him to attend law school. Jeff did so, but only with her support and encouragement, and with the support of his colleagues at Deloitte, who retained him as a litigation consultant throughout most of his three years at Columbia.

As a partner at Bernstein Litowitz Berger & Grossmann LLP ("BLB&G"), one of the nation's premier law firms representing institutional and other investors, Jeff created and was the partner in charge of its settlement management department where he selected and retained claims administrators and oversaw their administrations of dozens of securities class action settlements. As the Vice President of Class Action Services at The Garden City Group, Inc.("GCG"), one of the most well-regarded class action claims administration firms in the U.S., Jeff advised GCG's senior management and its class counsel clients on legal issues presented by some of the most complex securities class action settlement administrations of all time, and successfully advocated in courts throughout the country for the approval of thousands of GCG's claims determinations. And as the Chief Legal Officer at Financial Recovery Services, LLC ("FRS"), a premier class action settlement claim consultant, Jeff advocates to assure that FRS's clients are treated fairly and in accordance with court-approved class action plans of allocation and distribution. Jeff's diverse experience provides a unique perspective on the often-overlooked considerations necessary to assure fair, equitable and timely distributions of class action settlements under the 2018 amendments to Rule 23(e).

Professional Credentials

Bernstein Litowitz Berger & Grossman LLP

Jeff's interest in class action settlement law began during his 13 years at BLB&G. In addition to representing institutional investors in securities fraud class and derivative litigation, Jeff negotiated, documented, and oversaw the administration of, and developed the allocation plans for, all of BLB&G's class action settlements, which, during his tenure, totaled >$16 billion in recoveries, including 3 of the 10 largest securities class action settlements in U.S. history.

Notable Class Action Settlements

In re Cendant Corporation Litigation **(D.N.J.).** The >$3.3 billion in settlements, at the time they were reached, represented the largest amount by far recovered in a securities fraud class action; that amount still represents the third largest securities fraud settlement. Jeff developed the plan to allocate those proceeds among acquirers of:

i. The common stock of Cendant and its predecessor, CUC International, Inc., including stock acquired in exchange for HFS International common stock in the merger between HFS and CUC (which combined to form Cendant on December 17, 1997), the latter of which asserted claims under both the Securities Act and the Exchange Act;
ii. Cendant and CUC common stock options; and
iii. Three separate Cendant debt securities.

That plan, which addressed the accumulating artificial inflation that entered the market prices of each CUC and Cendant security with each successive materially misleading disclosure, the effects on the market for each security made by three partial corrective disclosures, and the superior strength of the Securities Act claims, was approved over objection and then upheld on appeal. Given the size of the recovery and the necessary complexity of the allocation plan, Jeff also implemented for the first time the following precautions designed to reduce the likelihood of claims administration errors going undetected until after distribution:

i. To gain assurance concerning claims processing accuracy, retaining a well-respected accounting firm to audit the results of the claims administration and to issue a report thereon that was filed with the court;
ii. To address any issues that may be identified after initial distribution checks were mailed, designing the distribution plan to include a reserve equal to 35% of the net settlement fund;
iii. To prevent challenges from occurring after the reserve was distributed, advising claimants that any disagreement with the check amount must be brought to the claims administrator's attention by a date specified in the cover letter;
iv. To allow claimants to evaluate the amount of their checks, including with each check the amount of recognized loss and the pro rata amounts; and
v. To determine whether any class members submitted proofs of claim that had not been processed, published on the case website and in prominent publications two weeks after the initial distribution was conducted a notice that advised that a distribution had occurred and that anyone that had submitted a proof of claim but did not receive either a check or a notification that the claim was rejected must advise the claims administrator by a date set forth in the notice.

Several of those precautions, particularly the audit of the claims administrator, have become customary in the administrations of large settlements.

In re WorldCom Inc. Securities Litigation **(S.D.N.Y.).** The $6.2 billion recovered still represents the second largest securities fraud class action settlement in U.S. history. Jeff developed the plan to allocate those proceeds, which involved four separate pools of settlement funds that resulted from the settlement of different claims (*e.g.*, Securities Act and Exchange Act) asserted against different defendants, among class members that, during different class periods, purchased over 40 securities, such as common, preferred and tracking stock; bonds; notes; and derivatives issued by WorldCom and its predecessors. Here, too, he vetted and retained an independent accounting firm to audit the claims administrator's results and conducted the distribution in stages.

In re Nortel Networks Corp. Securities Litigation **(S.D.N.Y.).** The >$1.074 million settlement, which included $370,157,418 of cash and 314,333,875 shares of Nortel common stock that, as of June 30, 2006, had an aggregate market value of $704,107,880, resolved claims asserted under the U.S. securities laws and in two class actions pending in Canada on behalf of purchasers of Nortel common stock and call options, and of writers (sellers) of put options (the "Nortel II Actions"). Because a condition to the settlements of the Nortel II Actions was obtaining judicial, securities, regulatory and stock exchange approval of them and of a separate class action pending in the Southern District of New York and related actions in Ontario, Quebec and British Columbia on behalf of investors during an earlier time period (the "Nortel I Actions"), Jeff coordinated with Canadian class counsel in Ontario and Quebec in the Nortel II Actions, as well as with U.S. and Canadian class counsel in the Nortel I Actions, on all settlement provisions and documents, including the manner in which, and procedures for, Nortel's issuance to class members of its common stock. The $1.143 million settlement of the *Nortel I* Actions included $438,667,428 of cash and 314,333,875 shares of Nortel common stock that, as of June 30, 2006, had an aggregate market value of $704,107,880. The total recovered was >$2.217 million, comprised of $808,824,846 of cash and 628,667,750 shares of Nortel common stock that, as of June 30, 2006, had an aggregate market value of $1,408,215,760.

Other Notable Settlements

Among the scores of settlements that Jeff managed are *In re McKesson HBOC, Inc. Securities Litigation* (N.D. Cal.); *In re HealthSouth Bondholder Litigation* (N.D. Ala.); *In re Lucent Technologies, Inc. Securities Litigation* (D.N.J.); *Ohio Public Employees Retirement System v. Freddie Mac* (S.D.N.Y.); *In re Refco, Inc. Securities Litigation* (S.D.N.Y.); *In re Williams Securities Litigation* (N.D. Okla.); *In re Bristol-Myers Squibb Securities Litigation* (S.D.N.Y.); *In re El Paso Corporation Securities Litigation* (S.D. Tex.); and *In re The Mills Corporation Securities Litigation* (E.D. Va.).

The Garden City Group, Inc.

Jeff left BLB&G to join GCG, then one of the country's most prominent claims administrators, as its Vice President of Class Action Services. In his over six years there, he regularly advised its senior management and its class counsel clients on complex class action settlement, administration and distribution legal issues. For example:

i. In connection with GCG's settlement administrations, including of *WorldCom* and the *Nortel II* Actions, Jeff analyzed and successfully defended challenges to GCG's and class counsel's proof of claim determinations that thousands of claimants lodged with U.S. and Canadian courts;

ii. Jeff developed and presented to attorneys across the U.S. continuing legal education programs concerning class action settlement, administration and distribution legal issues; and

iii. Jeff supervised and developed protocols and procedures for a dedicated group of some 125 lawyers who addressed all legal representation and related issues in connection with over 350,000 claimants to the $20 billion Gulf Coast Claims Facility, and he provided related advice to GCG's executive management and to Kenneth Feinberg, the Claims Administrator, and his team.

Jeff also formulated or revised GCG's information and physical security, operational and privacy policies, which enabled GCG to become the first claims administrator to obtain the AICPA's Service Organization Control (SOC) 2 report (for all five AICPA Trust Services Principles) and to comply with all HIPAA security and privacy standards.

Financial Recovery Services, LLC

Jeff then joined FRS as its General Counsel; he later became its Chief Operating Officer and now is its Chief Legal & Financial Officer. In addition to managing all of FRS's legal and finance matters, Jeff regularly advocates with claims administrators, class counsel and, when necessary, courts, to assure that FRS's clients are treated fairly and in accordance with plans of allocation and distribution. Those efforts have included, among other things:

i. Obtaining approval for the data and documentation alternatives that FRS develops when its clients are unable to comply with proof of claim form requirements;

ii. Compelling searches of defendant data to be conducted for FRS's clients' purchases;

iii. Establishing that FRS's clients' purchases are eligible under class definitions;

iv. Refusing to allow FRS's clients to be subjected to inappropriate claim submission requirements that are more burdensome than those imposed on other class members;

v. Demanding the correction of claims administration errors;

vi. Insisting on reasonable requirements for responding to, and satisfying, proof of claim audit requests and deficiency notices; and

vii. Requiring that proofs of claim and audit and deficiency responses that, for good reason, were submitted after deadlines, be accepted as timely.

Relevant Scholarship

Under Amended Rule 23, Effective Settlement Management Is Not Just a Good Idea, It's *the Law*

The most recent amendments to Rule 23(e)(2)(C), which became effective on December 1, 2018 (the "2018 Amendments"), added new criteria that emphasize the importance that effective and proactive class action settlement management – the shepherding of a settlement from handshake to distribution – has on obtaining with as little delay as possible approval of class action settlements and of their distribution to class members, as well as on the payment to class counsel of their court-awarded attorneys' fees. Under the interpretation that courts of appeals already have given to one new factor added by the 2018 Amendments – that fairness determinations must consider actual results of the claims process – district courts may decide to wait to rule on settlement fairness until administrations are sufficiently complete to provide for their consideration actual claims results. Under that interpretation, therefore, effective and proactive settlement management is a prerequisite to efficiently obtaining final settlement approval. And because, under customary "quick pay" attorneys' fee provisions, those fees are not payable until final settlement approval is granted, competent settlement management also is a prerequisite for class counsel's timely receipt of its fees.

Another new factor added by the 2018 Amendments – that the consideration of the fairness of a proposed class action settlement must include the "timing of payment" of attorneys' fees – also may impact the timeliness of payment. Prior to the 2018 Amendments, some district courts and institutional lead plaintiffs already had required class counsel to wait to receive at least a material portion of their fees until all or a substantial part of the settlement proceeds were distributed to authorized claimants. Now, some courts have interpreted the new "timing of payment" factor both to conflict with customary "quick pay" attorneys' fee provisions and, to evaluate whether requested attorneys' fees are disproportionate to the relief provided to the class, to require the consideration of actual claims administrations results. While those interpretations are few and far between—and there are courts that have declined to follow them, if they do gain purchase, class counsel would not receive all or a substantial amount of their fees until at least some portion of settlement proceeds were distributed.

Given the substantial adverse consequences of those interpretations of the 2018 Amendments, class counsel should proactively make effective settlement management their primary post-settlement focus so that, as soon as possible after preliminary approval, they may obtain the entry of a final judgment, and, as soon thereafter as possible, the filing of an unchallenged distribution motion.

Late Claims and Placeholder Claims: The Banes of Class Action Settlement Management

Late claims and so-called "placeholder claims"—claims that, to avoid being deemed late, are filed prior to a claim filing deadline but without the required transactional information, are the banes of the administration of almost every class action settlement. While they do not always create havoc, they often do when, for example, they are many or when their effect on the distribution is material. And when that happens, and class counsel hasn't adequately planned for it, the dogs of war may indeed be slipped.

"Low Cost" Class Action Claims Administrators: What You Don't Know Will Hurt You

As a direct result of inferior claims administrations performed by claims administrators selected based primarily on their low bids, "legitimate claimants" – those class action claimants that are class members and that submit proofs of claim that comply with judicially approved requirements – have suffered substantial financial harm and will continue to do so. Among claims administrators, there are substantial differences in accuracy and efficiency; those claims administrators that, to get selected, offer low bids cannot afford to, and, therefore, have not and will not, perform the tasks necessary to administer class action settlements accurately or efficiently. One consequence is that those "low cost" administrators incorrectly classify "ineligible claimants" – those that are not class members, or, even though they are, submit proofs of claim that are partially deficient or completely defective – as legitimate claimants, and, therefore, distribute to the former recoveries that should have gone to the latter. Accordingly, although it may appear that selecting low bidding claims administrators will save classes the marginal cost differentials between those low cost claim administrators and more expensive but higher quality claims administrators, the opposite is true: Selecting the lowest bidding administrators without adequately considering their corresponding accuracy and efficiency metrics has caused, and will continue to cause, legitimate claimants millions of dollars – far more than the cost "saved" by selecting low bidders – that, because of inferior claims administrations, legitimate claimants "pay" to ineligible claimants.

Established economic theory – the same economic theory that explains the financial cost to class members caused by selecting class counsel by means of auctions that did not fairly consider the quality of legal services – explains the financial cost to legitimate claimants that has resulted, and will continue to result, from using auctions to select claims administrators from among qualitatively diverse bidders. To test whether that economic theory also applies to claims administrators, claims administration results from hundreds of class action settlements were obtained and analyzed. That objective data confirms the substantial diversity in claims administration accuracy and efficiency and enabled an estimation of the resulting cost to legitimate claimants. That data demonstrates that selecting claims administrators through price dominant auctions, like those once – but no longer – used to select lead class counsel, have caused, and will continue to cause, legitimate claimants to suffer substantial financial harm: They will recover hundreds of millions of dollars less than they should and they will wait longer than they should to do so.

67% of Something Is Better than 100% of Nothing: Competent and Ethical Class Action Claims Consultants Provide Value and Increase Participation in Class Action Settlements

Love 'em or hate 'em, class action claims consultants, or "CACCs," are here to stay. Most CACCs provide value to their clients because, without their services, which are provided at a fee often as much as 33%, those class members would not recover anything. Given that the 2018 amendments to Rule 23 now require courts, when they evaluate whether a class action settlement is fair, reasonable and adequate, to consider class member participation and recovery, the increased participation that CACCs generate should enhance the likelihood of judicial approval.

Dealing With Recalcitrant Nominees Under the 2018 Amendments to Rule 23

Recalcitrant nominees – brokerages, custodians and other entities that, although they trade and hold securities for their clients, do not timely or at all send to them settlement notices for securities class actions – have long plagued the efficient administration of those settlements. Prior to the 2018 amendments to Rule 23 (the "2018 Amendments"), the obstacles created by recalcitrant nominees concerned whether, because their clients were not provided with notice of a settlement, due process required by Rule 23 was provided to the class. In almost all cases, courts found that due process had been satisfied. But that was prior to the effectiveness of the 2018 Amendments. Now, with heightened focus on class member participation and recovery, recalcitrant nominees' disservice to their own clients may delay or jeopardize settlements for entire classes.

EXHIBIT 3

List of Documents Obtained and Reviewed

ECF No.	Description
310	Second Amended Consolidated Class Action Complaint
919-2	Stipulation of Settlement
919-4	Notice of Proposed Settlement of Class Action
919-5	Proof of Claim and Release Form
919-6	Summary Notice of Pendency and Proposed Settlement of Class Action
919-7	Long-Form Notice of Pendency and Proposed Settlement of Class Action
929	Order Preliminarily Approving Settlement and Providing for Class Notice
952	Declaration of Joseph A. Fonti in Support of (I) Class Representatives' Motion for Final Approval of Class Settlement and Approval of Plan of Allocation and (II) Lead Counsel's Motion for Awards of Attorneys' Fees, Litigation Expenses, and Reasonable Costs and Expenses to Class Representatives
952-2	Declaration of Michael McGuinness Regarding (I) Mailing of Notice; (II) Publication of Summary Notice; (III) Settlement Website and Contact Center Services; (IV) Claim Filing; and (V) Requests for Exclusion and Objections Received to Date
955	Status Report Regarding Notice of Class Settlement
956-1	Supplemental Declaration of Michael McGuinness Regarding (I) Mailing of Notice; (II) Settlement Website and Contact Center Services; (III) Claim Filing; and (IV) Requests for Exclusion and Objections
959	Notice Regarding Exhibits 1 and 2 to [Proposed] Final Judgment
962	Order Approving Plan of Allocation
963	Order Awarding Attorneys' Fees, Expenses, and Costs and Expenses to Class Representatives
964	Final Judgment