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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

KILLYOUNG OH,  
  
Plaintiff,  
  
v.  
  
HAMNI FINANCIAL  
CORPORATION, et al.,  
  
Defendants.

Case No. 2:20-cv-02844-FLA (JCx)

**ORDER GRANTING MOTION FOR  
PRELIMINARY APPROVAL OF  
CLASS ACTION SETTLEMENT  
[DKT. 80]**

1 **RULING**

2 Before the court is Plaintiff Killyoung Oh’s (“Plaintiff”) Motion for Preliminary  
3 Approval of Class Action Settlement (the “Motion”). Dkts. 80 (“Mot.”), 81 (“Mot.  
4 Br.”). Plaintiff moves for preliminary approval of the settlement in this putative class  
5 action. Defendants Hamni Financial Corporation (“Hamni”), C.G. Kum, Bonita I.  
6 Lee, and Romolo C. Santarosa (collectively, “Defendants”) do not oppose the Motion.

7 On July 17, 2023, the court found this matter appropriate for resolution without  
8 oral argument and vacated the hearing set for July 21, 2023. Dkt. 84; *see* Fed. R. Civ.  
9 P. 78(b); Local Rule 7-15.

10 For the reasons stated herein, the court GRANTS the Motion and preliminarily  
11 APPROVES the Class Action Settlement.

12 **BACKGROUND**

13 On March 26, 2020, Plaintiff initiated this action against Defendants, alleging  
14 violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Dkt. 1  
15 (“Compl.”). On July 21, 2020, the court appointed Plaintiff as Lead Plaintiff and The  
16 Rosen Law Firm, P.A. (“Rosen Law”) as Lead Counsel. Dkt. 24.

17 On September 17, 2020, Plaintiff filed a First Amended Complaint (“FAC”).  
18 Dkt. 28. On March 17, 2021, the court granted Defendants’ Motion to Dismiss the  
19 FAC, with leave to amend. Dkt. 44. Plaintiff thereafter filed a Second Amended  
20 Complaint (“SAC”). Dkt. 45 (“SAC”). On August 15, 2022, the court denied  
21 Defendants’ Motion to Dismiss the SAC. Dkt. 65.

22 On March 24, 2023, the parties reached an agreement in principle. Mot. Br. at  
23 11.<sup>1</sup> On April 21, 2023, the parties executed a binding term sheet setting forth the  
24 material terms and obligations with respect to their settlement. *Id.*

25 Plaintiff filed the instant Motion on June 23, 2023. Mot. On July 5, 2023,  
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27 <sup>1</sup> The court cites documents by the page numbers added by the CM/ECF system rather  
28 than any page numbers listed on the documents natively.

1 Plaintiff filed a Notice of Non-Opposition as to the Motion. Dkt. 83. The parties’  
2 final agreement is set forth in the Stipulation of Settlement. Dkt. 79 (“Settlement”).

3 **SETTLEMENT TERMS**

4 **I. Proposed Class**

5 The Settlement Class is defined as: “[A]ll persons and entities who purchased  
6 publicly-traded Hamni common stock between August 9, 2018 and April 30, 2020,  
7 both dates inclusive.” Settlement ¶ 1.34 (defining “Settlement Class” and detailing  
8 various exclusions therefrom).

9 **II. Payment Terms**

10 In full settlement of the claims asserted in this lawsuit, Hamni, on behalf of  
11 Defendants, agrees to pay a Settlement Amount of \$3,000,000 (three million dollars).  
12 Settlement ¶¶ 1.33, 2.1. This Settlement Amount shall form the Settlement Fund. *See*  
13 *id.* ¶ 1.37. The Net Settlement Fund shall be the Settlement Fund, minus: (i) the Fee  
14 and Expense Awards;<sup>2</sup> (ii) Administrative Costs;<sup>3</sup> (iii) Taxes and Tax Expenses; (iv)  
15 any Award to Plaintiff;<sup>4</sup> and (v) other fees authorized by the court. *Id.* ¶ 1.19. Rosen  
16 Law states it will apply for attorney’s fees not to exceed one-third of the Settlement,  
17 or \$1,000,000. Mot. Br. at 24. According to Plaintiff:

18 The method for distributing relief to eligible claimants and for  
19 processing Settlement Class Members’ claims includes standard and  
20 effective procedures for processing claims and efficiently distributing  
the Net Settlement Fund. Plaintiff requests the Court appoint

21  
22 <sup>2</sup> Rosen Law may submit an application for distributions from the Settlement Fund  
23 consisting of: (i) an award of attorney’s fees from the Settlement Fund; (ii)  
24 reimbursement of actual costs and expenses; and (iii) an award to Plaintiff as  
reimbursement for his time and expenses in connection with the litigation. Settlement  
¶ 8.1.

25 <sup>3</sup> “Administrative Costs” means all costs and expenses associated with providing  
26 notice of the Settlement to the Settlement Class. *See* Settlement ¶ 1.2.

27 <sup>4</sup> “Award to Plaintiff” means the requested reimbursement to Plaintiff for his  
28 reasonable costs and expenses related to his representation of the Settlement Class in  
this action. Settlement ¶ 1.4.

1 Strategic Claim Services (“SCS”) as Claims Administrator ... If  
2 appointed, SCS will, under [Rosen Law]’s guidance, process claims,  
3 allow Claimants an opportunity to cure any deficiencies or request the  
4 Court to review a denial of their Claim(s), and pay Authorized  
5 Claimants their *pro rata* share of the Net Settlement Fund[.]

6 *Id.* at 23. The Settlement states the parties executed a standard supplemental  
7 agreement providing that if Settlement Class Members opt out, such that the number  
8 of shares held by those opting out reaches a certain threshold, Hamni may terminate  
9 the Settlement. Settlement ¶ 10.3. The terms of the supplemental agreement are kept  
10 confidential to avoid incentivizing Settlement Class Members to opt out solely to  
11 leverage the threshold to exact an individual settlement. Mot. Br. at 24.

12 **III. Notice to Settlement Class**

13 The proposed Notice Plan includes: (i) email messaging links to the Long  
14 Notice and Claim form (or, if no email address can be obtained, mailing through  
15 postcard notice) to Settlement Class Members who can be identified with reasonable  
16 effort; (ii) posting the Long Notice, Claim Form, and Stipulation on a Settlement  
17 website maintained by SCS;<sup>5</sup> (iii) allowing Settlement Class Members to submit their  
18 claims electronically at the Settlement website; (iv) upon request, mailing copies of  
19 the Long Notice and/or Claim Form; and (v) publishing the Summary Notice over  
20 *GlobeNewswire* and in print in *Investor’s Business Daily*. Mot. Br. at 28–29.

21 **DISCUSSION**

22 The court must first address whether the class may be preliminarily certified for  
23 settlement purposes only, before evaluating the fairness, adequacy, and reasonableness  
24 of the proposed Settlement, and reviewing the adequacy of the proposed notice.

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27 \_\_\_\_\_  
28 <sup>5</sup> Plaintiff does not state the precise length of time that SCS will maintain the website. Pursuant to this Order, the court hereby ORDERS Plaintiff to maintain the website containing the notice information and claim form for a minimum of six months.

1 **I. Class Certification**

2 Class certification is a prerequisite to preliminary settlement approval. *See*  
3 *Spann v. J.C. Penney Corp.*, 314 F.R.D. 312, 319 (C.D. Cal. 2016). Class certification  
4 is appropriate only if each of the four requirements of Fed. R. Civ. P. 23(a) (“Rule  
5 23(a)”) and at least one of the requirements of Rule 23(b) are met. *Amchem Prods.,*  
6 *Inc. v. Windsor*, 521 U.S. 591, 614 (1997). Under Rule 23(a), the plaintiff must show:  
7 “(1) the class is so numerous that joinder of all members is impracticable; (2) there are  
8 questions of law and fact common to the class; (3) the claims or defenses of the  
9 representative parties are typical of the claims or defenses of the class; and (4) the  
10 representative parties will fairly and adequately protect the interests of the class.”  
11 Fed. R. Civ. P. 23(a).

12 **A. Rule 23(a) Requirements**

13 The proposed class meets each of the Rule 23(a) factors for purposes of the  
14 instant Motion. First, the proposed class is sufficiently numerous. While “[n]o exact  
15 numerical cut-off is required,” “numerosity is presumed where the plaintiff class  
16 contains forty or more members.” *In re Cooper Cos. Inc. Sec. Litig.*, 254 F.R.D. 628,  
17 634 (C.D. Cal. 2009). Plaintiff represents the Settlement Class is comprised of  
18 “purchasers of Hamni, which traded on NASDAQ during the Class Period” and “[a]s  
19 of May 1, 2020, the day after the Settlement Class Period, there were over 30.6  
20 million shares outstanding.” Mot. Br. at 12. Numerosity is satisfied. *See Vinh*  
21 *Nguyen v. Radiant Pharms. Corp.*, 287 F.R.D. 563, 569 (C.D. Cal. 2012) (in a  
22 securities fraud case involving nationally traded stocks, where “the exact size of the  
23 proposed class is unknown, but general knowledge and common sense indicate it is  
24 large, the numerosity requirement is satisfied.”)

25 Second, the claims appear to involve questions of fact and law common to the  
26 class. The “commonality” requirement of Rule 23(a)(2) is minimal and “only requires  
27 a single significant question of law or fact” common to putative class members.  
28 *Mazza v. Am. Honda Motor Co., Inc.*, 666 F.3d 581, 589 (9th Cir. 2012), *overruled on*

1 *other grounds by Olean Wholesale Grocery Coop., Inc. v. Bumble Bee Foods LLC*, 31  
2 F.4th 651, 682 n. 31 (9th Cir. 2022). Commonality requires the plaintiff to  
3 demonstrate that the class members’ claims depend upon a common contention that is  
4 “of such a nature that it is capable of classwide resolution—which means that  
5 determination of its truth or falsity will resolve an issue that is central to the validity  
6 of each one of the claims in one stroke.” *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S.  
7 338, 350 (2011). “What matters to class certification ... is not the raising of common  
8 ‘questions’ ... but, rather, the capacity of a classwide proceeding to generate common  
9 *answers* apt to drive the resolution of the litigation.” *Id.* (italics in original).

10 Here, the claims of the Class Members involve several common questions of  
11 law and fact, including whether Defendants made false or misleading public  
12 statements or omissions or Defendants’ misrepresentations artificially inflated the  
13 market price of Hamni common stock. *See* Mot. Br. at 13; SAC. Accordingly, the  
14 court preliminarily finds Defendants’ alleged acts establish significant common  
15 questions of law and fact sufficient to satisfy commonality.

16 Third, Plaintiff meets the typicality requirement. Typicality in this context  
17 means that the representative’s claims are “reasonably co-extensive with those of  
18 absent class members; they need not be substantially identical.” *Hanlon v. Chrysler*  
19 *Corp.*, 150 F.3d 1011, 1020 (9th Cir. 1998), *overruled on other grounds by Wal-Mart*,  
20 564 U.S. 338 (2011), *as recognized in In re Volkswagen “Clean Diesel” Mktg., Sales*  
21 *Pracs., & Prods. Liab. Litig.*, 975 F.3d 770, 777–78 (9th Cir. 2020). Here, Plaintiff’s  
22 claims arise from the same act as other members of the class—the purchase of Hamni  
23 common stock—and the same alleged misconduct by Defendants. *See* Mot. Br. at 13;  
24 SAC. These claims are based on the same facts and allege the same legal theories  
25 applicable to the rest of the Class Members. Accordingly, the court preliminarily  
26 finds typicality is satisfied.

27 Finally, Plaintiff and Rosen Law satisfy the adequacy requirement for  
28 representing absent class members. This requirement is met where the named plaintiff

1 and class counsel do not have conflicts of interest with other class members and will  
2 vigorously prosecute the interests of the class. *Hanlon*, 150 F.3d at 1020. Here,  
3 Plaintiff’s interests appear to be coextensive with the interests of the class, and there is  
4 no evidence to suggest Plaintiff or Rosen Law have any conflict of interest with other  
5 class members. *See* Mot. Br. at 13–14, 19. Plaintiff has submitted a certification  
6 consistent with the Private Securities Litigation Reform Act of 1995 (“PSLRA”). *Id.*  
7 at 13–14. Counsel has been diligent in pursuing this action since filing the Complaint.  
8 *See* Compl.; Mot. Br. at 14–15. Accordingly, adequacy of representation is met for  
9 purposes of the instant Motion.

### 10 **B. Rule 23(b)(3) Requirements**

11 Next, Plaintiff seeks certification under Rule 23(b)(3), which requires the court  
12 to find “the questions of law or fact common to class members predominate over any  
13 questions affecting only individual members, and that a class action is superior to  
14 other available methods for fairly and efficiently adjudicating the controversy.” Fed.  
15 R. Civ. P. 23(b)(3). “The requirement is satisfied if a plaintiff establishes that a  
16 ‘common nucleus of facts and potential legal remedies dominates’ the litigation.”  
17 *Wright v. Linkus Enters., Inc.*, 259 F.R.D. 468, 473 (E.D. Cal. 2009) (quoting *Hanlon*,  
18 150 F.3d at 1022).

19 As stated, questions of law and fact common to the putative Class Members  
20 predominate over individualized inquiries. All claims concern the same alleged  
21 misconduct, including whether Defendants made false or misleading public statements  
22 or omissions or Defendants’ misrepresentations artificially inflated the market price of  
23 Hamni common stock. These common questions represent a common nucleus and  
24 can be resolved for all Class Members in a single adjudication. Further, a class action  
25 appears to be a far superior method of adjudicating the claims, as it would be  
26 inefficient for all potential members to bring individual actions and needlessly costly  
27 for each class member to bring these actions alone. Accordingly, the court finds that  
28 Rule 23(b)(3) is satisfied for purposes of the instant Motion.



1           **C. Conclusion Regarding Class Certification**

2           As each of the four requirements of Rule 23(a) and at least one of the  
3 requirements of Rule 23(b) are met, the court GRANTS certification of the proposed  
4 class for settlement purposes.

5           **II. Preliminary Approval of the Proposed Class Settlement**

6           The court next considers whether the proposed settlement warrants preliminary  
7 approval. Under Rule 23(e)(2), the court must find the proposal fair, reasonable, and  
8 adequate after considering whether:

- 9           (A) the class representatives and class counsel have adequately represented the  
10 class;  
11           (B) the proposal was negotiated at arm’s length;  
12           (C) the relief provided for the class is adequate, taking into account:  
13               (i) the costs, risks, and delay of trial and appeal;  
14               (ii) the effectiveness of any proposed method of distributing relief to the  
15 class, including the method of processing class-member claims;  
16               (iii) the terms of any proposed award of attorneys’ fees, including timing  
              of payment; and  
              (iv) any agreement required to be identified under Rule 23(e)(3); and  
17           (D) the proposal treats class members equitably relative to each other.

18           Fed. R. Civ. P. 23(e)(2).

19           **A. Adequacy of Representations and Arm’s Length Negotiations**

20           Settlement was reached after counsel vigorously litigated this matter, with the  
21 Complaint having been filed nearly four years ago. *See* Compl. In that time, counsel  
22 has conducted a pre-filing investigation, filed an initial complaint, retained an  
23 investigator and experts, filed amended complaints, opposed two motions to dismiss,  
24 propounded discovery, participated in and prepared for mediation, formalized the  
25 settlement, and filed the instant Motion. Mot. Br. at 14. The course of the  
26 proceedings indicates Plaintiff and Rosen Law have adequately represented the class  
27 in this action and that the settlement agreement was the product of “serious, informed,  
28 non-collusive negotiations.” *See Spann*, 314 F.R.D. at 319.

          Accordingly, these two factors weigh in favor of preliminary approval. *See*



1 Fed. R. Civ. P. 23(e)(2)(A)–(B).

2 **B. Adequacy of Relief**

3 The settlement and relief provided appear adequate considering the factors set  
4 forth by Rule 23(e)(2)(C). First, as with litigation generally, there is a risk to both  
5 parties in continuing toward trial. “[I]t is the very uncertainty of outcome in litigation  
6 and avoidance of wasteful and expensive litigation that induce consensual settlements.  
7 The proposed settlement is [thus] not to be judged against a hypothetical or  
8 speculative measure of what might have been achieved by the negotiators.” *Officers*  
9 *for Justice v. Civil Serv. Comm’n of City & Cnty. of S.F.*, 688 F.2d 615, 624 (9th Cir.  
10 1982). “Even a fractional recovery of the possible maximum recovery amount may be  
11 fair and adequate in light of the uncertainties of trial and difficulties in proving the  
12 case.” *Millan v. Cascade Water Servs., Inc.*, 310 F.R.D. 593, 611 (E.D. Cal. 2015).  
13 Here, the parties reached settlement after almost four years of litigation. The  
14 additional litigation costs, risks, and delay of trial and appeal favor preliminary  
15 approval. *See* Mot. Br. at 21–22.

16 Next, the proposed method of relief of distribution is straightforward and  
17 effective. The Class Members that do not opt-out timely will receive a pro rata share  
18 of the net settlement amount relative to their losses—no other action needs to be taken  
19 by class members, and there is no risk of unjustified claims. *See* Fed. R. Civ. P. 23(e),  
20 2018 Advisory Committee Notes (“Often it will be important for the court to  
21 scrutinize the method of claims processing to ensure that it facilitates filing legitimate  
22 claims.”).

23 Further, the requested attorney’s fee award appears reasonable. The district  
24 court has discretion to choose either percentage-of-the-fund or the lodestar method to  
25 determine what constitutes a reasonable fee. *Vizcaino v. Microsoft Corp.*, 290 F.3d  
26 1043, 1047 (9th Cir. 2002). In class actions, courts routinely award a percentage of  
27 the common fund, with a benchmark of 25% that may be adjusted when circumstances  
28 indicate a higher or lower percentage would be appropriate. *In re Pac. Enters. Sec.*

1 *Litig.*, 47 F.3d 373, 379 (9th Cir. 1995). However, “[c]ases of under \$10 Million will  
2 often ... result in fees above 25%.” *Craft v. County of San Bernardino*, 624 F. Supp.  
3 2d 1113, 1127 (C.D. Cal. 2008).

4 Plaintiff intends to apply for attorney’s fees in an amount not to exceed one-  
5 third of the Settlement Amount, or \$1,000,000. Mot. Br. at 24. The court finds these  
6 terms appropriate. *See In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d 454, 463 (9th Cir.  
7 2000) (affirming fee award of one-third of settlement); *Cheng Jiangchen v. Rentech,*  
8 *Inc.*, Case No. 2:17-cv-01490-GW (FFMx), 2019 WL 5173771, at \*10 (C.D. Cal. Oct.  
9 10, 2019) (same). This factor weighs in favor of preliminary approval.<sup>6</sup> *See Fed. R.*  
10 *Civ. P. 23(e)(2)(C).*

### 11 **C. Equitable Treatment**

12 Next, the court finds the settlement does not provide improperly preferential  
13 treatment to any Class Members. The settlement tailors the appointment of relief  
14 among Class Members based on when each investor purchased, acquired, and/or sold  
15 Hamni common stock. Mot. Br. at 25. This means that each Class Member who does  
16 not opt out timely will receive a pro rata share of the Net Settlement Fund based upon  
17 the relative loss that Class Member suffered. *Id.* The Settlement additionally  
18 provides Plaintiff may apply to the court for an award of up to \$10,000. *Id.* at 30.  
19 This final factor weighs in favor of preliminary approval. *See Fed. R. Civ. P.*  
20 *23(e)(2)(D).*

### 21 **D. Conclusion Regarding Preliminary Approval**

22 As each of the Rule 23(e)(2) factors weighs in favor of approval, the court  
23 GRANTS preliminary approval of the class action settlement.

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24  
25 <sup>6</sup> The court must also evaluate any agreement made in connection with the proposed  
26 settlement. *See Fed. R. Civ. P. 23(e)(2)(C)(iv), (e)(3).* Plaintiff states there is no  
27 agreement made outside of the settlement agreement itself, except for the agreement  
28 that Hamni may terminate the Settlement should a certain number of Settlement Class  
Members opt out. *See Settlement ¶ 10.3; Mot. Br. at 24.*

1 **III. Sufficiency of Notice**

2 Under Rule 23, “the court must direct to class members the best notice that is  
3 practicable under the circumstances.” Fed. R. Civ. P. 23(c)(2)(B). Class notice must  
4 state “(i) the nature of the action; (ii) the definition of the class certified; (iii) the class  
5 claims, issues, or defenses; (iv) that a class member may enter an appearance through  
6 an attorney if the member so desires; (v) that the court will exclude from the class any  
7 member who requests exclusion; (vi) the time and manner for requesting exclusion;  
8 and (vii) the binding effect of a class judgment on members under Rule 23(c)(3).”  
9 Fed. R. Civ. P. 23(c)(2)(B)(i)–(vii). Notice is satisfactory if it “generally describe[s]  
10 the terms of the settlement in sufficient detail to alert those with adverse viewpoints to  
11 investigate and to come forward and be heard.” *Lane v. Facebook, Inc.*, 696 F.3d 811,  
12 826 (9th Cir. 2012) (internal quotation marks omitted). It “does not require detailed  
13 analysis of the statutes or causes of action forming the basis for the plaintiff class’s  
14 claims, and it does not require an estimate of the potential value of those claims.” *Id.*

15 Here, the proposed Notice contains the information required under Rule  
16 23(c)(2)(B) and the PSLRA. *See* Settlement, Exs. A-1–A-4. Plaintiff’s proposed  
17 Long Notice provides: (i) the rights of Settlement Class members, including the  
18 manner in which they may lodge objections or opt out; (ii) the nature and history of  
19 the litigation; (iii) the proposed Settlement; (iv) the process for filing a claim; (v) a  
20 description of the proposed Plan; (vi) the attorney’s fees being sought by Rosen Law;  
21 (vii) the Settlement Class definition; (viii) the reasons the parties have proposed  
22 settlement; (ix) the estimated distribution per share; (x) the Settlement Class’ claims  
23 and issues; (xi) the parties’ disagreements; (xii) contact information for counsel and  
24 the court; and (xiii) the time, date, and location of the Settlement Hearing. Mot. Br. at  
25 29–30; Settlement, Exs. A-1–A-4.

26 The court finds this notice plan sufficient and practical. *See* Fed. R. Civ. P.  
27 23(c)(2)(B).

28 ///


**CONCLUSION**

For the aforementioned reasons, the court GRANTS Plaintiff’s Motion for Preliminary Approval of Class Action Settlement. The court GRANTS preliminary approval of the settlement, preliminarily CERTIFIES the class for settlement purposes, and APPROVES the proposed notice. The court also APPROVES class counsel, the class representative, and SCS as claims administrator.

The final approval hearing will be held on September 6, 2024, at 1:30 p.m., in Courtroom 6B of the United States Courthouse, located at 350 West First Street, Los Angeles, California 90012.

IT IS SO ORDERED.

Dated: March 19, 2024



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FERNANDO L. AENLLE-ROCHA  
United States District Judge