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**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

JORDAN LEWANDOWSKI,
Individually and on behalf of all others
similarly situated,

Plaintiff,

v.

TAL EDUCATION GROUP, and
BANGXIN ZHANG,

Defendants.

Case No.: 2:23-cv-01769-JRA

**PLAINTIFFS' MEMORANDUM OF LAW IN SUPPORT OF UNOPPOSED
MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT**

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I. PRELIMINARY STATEMENT

Lead Plaintiff Xuanjun Meng and additional named plaintiff Jordan Lewandowski (“Plaintiffs”), on behalf of themselves and the Settlement Class, submit this memorandum of law in support of their motion for final approval of: (a) the proposed settlement (“Settlement”), (b) the plan and forms of notice (“Notice Plan”), (c) the plan of allocation of the proceeds of the Settlement (“Plan of Allocation”), and (d) certification of the Settlement Class.¹

Defendants have agreed to pay \$14.1 million to settle all claims in this action, nearly 70% more than the median recovery in cases of this size. The Settlement comes despite significant obstacles to Plaintiffs’ recovery. Having reviewed more than 150,000 pages of documents and taken Defendant TAL’s Rule 30(b)(6) deposition, and following a full-day mediation session, Plaintiffs and their counsel were well-positioned to evaluate the claims they are settling. The Settlement meets

¹ Unless otherwise defined herein, all capitalized terms have the same meaning as specified in the Stipulation of Settlement dated February 13, 2026 (“Stipulation”) (ECF No. 86). Citations to the “Complaint” are to the Amended Complaint for Violation of the Federal Securities Laws, ECF No. 20. Citations to “Fee Brief” are to the Memorandum of Law in Support of Lead Counsel’s Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses, filed herewith. Citations to the “Horne Decl.,” “Evans Decl.,” “Meng Decl.,” and “Lewandowski Decl.” are to the Declarations of Jonathan Horne, Sarah Evans, Xuanjun Meng, and Jordan Lewandowski, filed herewith. The Evans, Meng, and Lewandowski Declarations are attached as Exhibits 1, 2, and 3, respectively, to the Horne Declaration. Unless otherwise noted, all emphases are added and internal citations omitted. Defendants do not oppose the relief requested by this motion, but do not necessarily agree with any statement made herein.

the requirements of Rule 23, and the Court should approve it.

The Court should also grant ancillary relief necessary to give effect to its final approval order. The Court should approve the Plan of Allocation of the Settlement proceeds because, like the Settlement, it is fair, reasonable, and adequate. The Court should confirm its preliminary approval of the Notice Plan because it meets all statutory and due process requirements and Plaintiffs strictly complied with the preliminary approval order. And the Court should confirm its preliminary certification of the Settlement Class because it satisfies all the requirements of Rules 23(a) and 23(b)(3).

II. SUMMARY OF THE LITIGATION AND THE SETTLEMENT

The academic after-school tutoring industry that originated in China in the 1990s had by the late 2010s grown—in the Chinese government’s estimation—into a serious problem. ¶58.² In July 2021, the Chinese government announced that it was enacting the “Double Reduction,” which, among other drastic reforms, prohibited for-profit companies from engaging in academic after-school tutoring. ¶¶59-64, 67, 70, 81. Before 2022, TAL was one of the largest providers of academic after-school tutoring in China; in a stroke, the Double Reduction eliminated the source of 75-80% of TAL’s revenues. ¶¶55, 81.

² Citations to “¶__” are to the paragraphs of the Complaint.

The Class Period begins six months later on January 14, 2022, with TAL’s statement that, in compliance with the Double Reduction, it had already ceased providing academic classes. ¶144. Throughout the Class Period, TAL continued to state that it complied with the Double Reduction and described its new purportedly compliant “enrichment” classes. ¶¶144-66.

The Complaint alleges that, in truth, TAL continued to teach academic classes. ¶94. Citing syllabi, advertisements, job notices, and interviews of former TAL employees, the Complaint alleges that TAL’s two principal “enrichment” classes, Creative Thinking and Humanistic Creation, were, respectively, math and Chinese classes. ¶¶94-133. Among other things, the Complaint alleges that the “enrichment” classes’ subject matter and purpose match those of both TAL’s pre-Double Reduction classes and TAL’s international curricular classes, and that the classes cover the official Chinese curriculum for the respective grades. *Id.* The Complaint alleges that TAL’s classes also have additional hallmarks of academic classes set out in Chinese central government guidance (*e.g.*, teachers give lectures, assign homework, and administer exams). ¶125. Thus, the Complaint alleges that: (a) TAL had continued to teach academic classes even after it claimed to have stopped doing so; (b) TAL’s purportedly compliant “enrichment” classes were just its old classes renamed. Thus, TAL’s statements to the contrary were false.

TAL timely moved to dismiss the Complaint. Dkt. No. 29. The Court held

oral argument on October 29, 2024. Dkt. No. 39. At oral argument, the Court ordered the Parties to submit a translation of the Double Reduction and briefing concerning whether it was binding law. Dkt. Nos. 44-45. With this briefing, oral argument resumed on December 17, 2024. Dkt. No. 49.

Defendants argued, among other things, that Plaintiffs' claims were implausible because Plaintiffs did not allege that Chinese governments had made findings or issued penalties on anything like the scale that the alleged violations would warrant. Dkt. No. 29-1 at 22-23. The Court found that Defendants' argument was difficult to sustain on a motion to dismiss. Dkt. No. 40 at 41:12-42:20. Finding that the Complaint sufficiently alleged that the Double Reduction proscribed TAL from teaching academic classes and that TAL's classes were "academic" under any ordinary meaning of the term, Dkt. No. 52 at 31:14-19, the Court denied TAL's motion to dismiss from the bench. Dkt. No. 48.

The Results of Discovery

Discovery produced evidence supporting both Plaintiffs' and Defendants' key arguments.

Plaintiffs' key argument is that TAL's classes are academic by any measure. In Plaintiffs' judgment, although TAL disagrees, the mass of syllabi, advertisements, and other course materials that TAL produced has confirmed the Complaint's allegations. Horne Decl. ¶12. Discovery has supported the Complaint's allegations

that TAL's classes bore other hallmarks of academic instruction, including lectures, exams, homework, and classes segregated by skill level. Horne Decl. ¶12(b)-(c) and Ex. 1 at 127:18-128:6, 128:7-17; 133:2-133:15. TAL's representative testified that it used PowerPoint-like slides in its enrichment classes. Horne Decl. ¶12(e) and Ex. 1 at 102:2-24; 103:14-15. Though the Complaint's allegations were based on a small set of Humanistic Creation and Creative Thinking classes, discovery has shown these classes were representative of TAL's broader curriculum. Thus, Plaintiffs could prove to a jury that TAL's classes meet the definition of the term "academic."

Discovery has also provided support for TAL's key argument that its classes are nonetheless compliant (or at least that TAL's statements of compliance are not both materially false and made with scienter) notwithstanding their content and the terms of the Double Reduction. Though TAL produced all documents concerning violations, consistent with Plaintiffs' independent research, there were only a handful of findings that TAL had violated the Double Reduction, and all of them concerned the activities of specific offices. Horne Decl. ¶14(d). There were no broad findings that TAL's curriculum itself violated the Double Reduction. *Id.*; Horne Decl., Ex. 1 at 141:19-144:20; 146:6-147:25.

See Preliminary

Approval Horne Declaration, ECF 87-2 ¶4 and Ex. 1 at 76:1-25; 79:16-80:1; 80:2-81:2; 81:5-22; 87:2-88:20; 131:25-132:23; 150:5-20. After TAL's deposition, at Plaintiffs' request, Defendants supplemented the pre-mediation production with documents relevant to such approvals.

These documents strengthened TAL's argument that whatever the Double Reduction said, TAL did not violate the Double Reduction as interpreted by the governments charged with its enforcement.

III. ARGUMENT

A. The Standards for Judicial Approval of Class Action Settlements

Courts should approve class action settlements if they are "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(2). The Third Circuit has a "strong judicial policy in favor of class action settlement." *Ehrheart v. Verizon Wireless*, 609 F.3d 590, 595 (3d Cir. 2010). "Securities suits readily lend themselves to compromise, because of the notable unpredictability of result and the potential for litigation spanning up to a decade or more." 7 Conte & Newberg, *Newberg on Class Actions* §22.91 at 386-387 (4th ed. 2002). In evaluating a proposed class-action settlement, courts should "not decide the merits of the case or resolve unsettled legal questions."

Carson v. Am. Brands, Inc., 450 U.S. 79, 88 n.14 (1981).

Courts in the Third Circuit consider the factors set forth in *Girsh v. Jepsen*, 521 F.2d 153, 157 (3d Cir. 1975) in determining whether class action settlements are fair, reasonable, and adequate. These are:

(1) the complexity, expense, and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class action through the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; and (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation.

Courts also may (but are not required to) consider the additional factors set forth in *In re Prudential Ins. Co. Am. Sales Prac. Litig. Agent Actions*, 148 F.3d 283, 323 (3d Cir. 1998). The *Prudential* factors “illustrat[e]” additional analyses courts may conduct. *California v. Teva Pharm. Indus., Ltd.*, 2020 WL 3128027, at *7 (E.D. Pa. June 10, 2020).³ They are:

[10] the maturity of the underlying substantive issues, as measured by experience in adjudicating individual actions, the development of scientific knowledge, the extent of discovery on the merits, and other factors that bear on the ability to assess the probable outcome of a trial on the merits of liability and individual damages; [11] the existence and probable outcome of claims by other classes and subclasses; [12] the comparison between the results achieved by the settlement for

³ Plaintiffs have renumbered the *Prudential* factors consecutively following the *Girsh* factors for ease of reference.

individual class or subclass members and the results achieved—or likely to be achieved—for other claimants; [13] whether class or subclass members are accorded the right to opt out of the settlement; [14] whether any provisions for attorneys’ fees are reasonable; and [15] whether the procedure for processing individual claims under the settlement is fair and reasonable.

Prudential, 148 F.3d at 323.

In December 2018, Federal Rule of Civil Procedure 23(e) was amended to provide:

(2) Approval of the Proposal. If the proposal would bind class members, the court may approve it only after a hearing and only on finding that it is fair, reasonable, and adequate after considering whether: (A) the class representatives and class counsel have adequately represented the class; (B) the proposal was negotiated at arm’s length; (C) the relief provided for the class is adequate, taking into account: (i) the costs, risks, and delay of trial and appeal; (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims; (iii) the terms of any proposed award of attorney’s fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23(e)(3); and (D) the proposal treats class members equitably relative to each other.

The Amendments did not dramatically change the Third Circuit’s standard. As “the discussion in *Girsh* substantially overlaps with the factors identified in Rule 23,” *Hall v. Accolade, Inc.*, 2019 WL 3996621, at *2 (E.D. Pa. Aug. 23, 2019), courts folded the new Rule 23 factors into the *Girsh* and *Prudential* analysis. *Kanefsky v. Honeywell Int’l Inc.*, 2022 WL 1320827, at *4 (D.N.J. May 3, 2022) (“The Third Circuit has, however, continued to apply the *Girsh* and *Prudential* factors.”). Indeed, the new Rule 23 factors are “in many respects a codification” of the *Girsh* factors. *Sourovelis v. City of Philadelphia*, 515 F. Supp. 3d 343 (E.D. Pa. 2021).

In considering settlements, courts consider both procedural and substantive factors. As to procedure, courts recognize a presumption that settlements zealously negotiated at arm's length by plaintiffs and counsel whose incentives are aligned with the class's, and who have sufficient information to allow them to fairly evaluate the settlement, are fair, reasonable, and adequate. Courts then consider the substance of the settlement with this presumption in mind.

B. The Procedural Factors Show That the Settlement Should Be Approved

In determining whether a settlement is fair, reasonable, and adequate, courts in the Third Circuit first consider how the settlement was negotiated. Courts afford settlements an “initial presumption of fairness” where: “(1) the negotiations occurred at arm's length; (2) there was sufficient discovery; (3) the proponents of the settlement are experienced in similar litigation; and (4) only a small fraction of the class objected.” *Harshbarger v. Penn Mut. Life Ins. Co.*, 2017 WL 6525782, at *3 (E.D. Pa. Dec. 20, 2017) (quoting *In re Nat'l Football League Players Concussion Inj. Litig.*, 821 F.3d 410, 436 (3d Cir. 2016), *as amended* (May 2, 2016)). Under Rule 23, the Court must consider whether “the class representatives have adequately represented the class [and] the proposal was negotiated at arm's length.” Fed. R. Civ. P. 23(e)(2)(A)-(B). And the third *Girsh* factor asks the Court to examine the stage of the proceedings and the amount of discovery completed. *Girsh*, 521 F.2d at 157.

1. The Settlement Resulted from Arm's-Length Negotiations

“The participation of an independent mediator in settlement negotiations virtually ensures that the negotiations were conducted at arm's-length and without collusion between the parties.” *Alves v. Main*, 2012 WL 6043272, at *22 (D.N.J. Dec. 4, 2012), *aff'd* 559 F. App'x 151 (3d Cir. 2014) (internal quotation omitted).

Here, the Settlement was negotiated at arm's length over several weeks by counsel who have extensive experience litigating securities class actions. Horne Decl. ¶¶16-19; *In re Gen. Motors Corp. Pick-Up Truck Fuel Tank Prods. Liab. Litig.*, 55 F.3d 768, 796 (3d Cir. 1995) (presumption of fairness if settlement negotiations conducted at arm's length by experienced counsel). Based on the arm's length negotiations, the mediator independently arrived at a settlement amount that he believed the parties would grudgingly accept, which they did. There is no indication of collusion. Horne Decl. ¶19.

2. Plaintiffs Had Sufficient Evidence to Evaluate the Settlement

In determining whether “there was sufficient discovery,” “[w]hat matters is not the amount or type of discovery class counsel pursued, but whether they had developed enough information about the case to appreciate sufficiently the value of the claims.” *In re Nat'l Football League Players Concussion Inj. Litig.*, 821 F.3d 410, 439 (3d Cir. 2016), as amended (May 2, 2016). While no formal discovery is required at all, that the parties completed targeted discovery focused on the central

issues in the case can weigh heavily in favor of approval. *In re Comcast Corp. Set-Top Cable Television Box Antitrust Litig.*, 333 F.R.D. 364, 379 (E.D. Pa. 2019).

Before reaching the Settlement, Plaintiffs conducted targeted discovery aimed at answering the key questions in this case. This discovery was not perfunctory; Plaintiffs reviewed more than 150,000 pages of documents and took the deposition of TAL's representative for a full day in Hong Kong. That representative, in turn, offered informed answers. He testified that he had spent more than 40 hours preparing for the deposition. Horne Decl. ¶ 11.

Plaintiffs' efforts focused on evaluating their best argument (that TAL's classes bore the hallmarks of academic lectures) and TAL's best rejoinder (that the absence of enforcement actions against TAL suggested that its classes did not, on their face, violate the Double Reduction as it was interpreted). With this discovery, Plaintiffs understood both the strengths and weaknesses of their case. They were sufficiently informed to reach the Settlement.

3. Plaintiffs and Lead Counsel Adequately Represented the Settlement Class

Proposed class representatives are adequate if their interests do not conflict with those of the class. *In re Prudential Ins. Co. Am. Sales Prac. Litig. Agent Actions*, 148 F.3d 283, 312 (3d Cir. 1998). Plaintiffs, the proposed class representatives, have no interests antagonistic to those of the proposed Settlement Class and are not subject to unique defenses. They have remained engaged throughout the litigation

and communicated regularly with counsel. *See* Meng Decl. ¶ 4; Lewandowski Decl. ¶ 4. Plaintiffs are adequate Class Representatives.

In assessing the adequacy of proposed class counsel, courts consider: (a) the work counsel has done in identifying or investigating potential claims in the action; (b) counsel's experience in handling class actions, other complex litigation, and claims of the type asserted in the action; (c) counsel's knowledge of the applicable law; and (d) the resources counsel will commit to representing the class. *Shapiro v. All. MMA, Inc.*, 2018 WL 3158812, at *5 (D.N.J. June 28, 2018); Fed. R. Civ. P. 23(g)(1)(A).

As further set out in the Fee Brief, Counsel has extensive experience prosecuting class actions and has successfully prosecuted securities class actions in courts throughout the country, including in this District. Horne Decl. Ex. 4. Lead Counsel also devoted substantial efforts to this case, including a thorough investigation, targeted discovery, and a deposition in Hong Kong. *See* Fee Brief at 11-12.

4. To Date, No Valid Request for Exclusion or Objection to the Settlement Has Been Filed

Individual notices were sent to 62,983 potential Settlement Class Members informing them of the Settlement. Evans Decl. ¶10. In addition, the Summary Notice was published on *GlobeNewswire*, *id.* ¶11, and the Notice and related settlement documents were made available on a case-specific website. *Id.* ¶13.

The Notice set out the essential terms of the Settlement and informed potential Settlement Class Members of, among other things, their right to opt out of the Settlement Class, or to object to the Settlement, the Plan of Allocation, or the requests for attorneys’ fees and expenses, as well as the procedure for submitting Claim Forms. The Notice explained that the Court set an October 8, 2026 deadline for Settlement Class Members to opt out or object to the Settlement.

To date, no Settlement Class Member has objected to any aspect of the Settlement or the Plan of Allocation. The Settlement Class’s reaction demonstrates support for the Settlement. *See In re Cendant Corp. Litig.*, 264 F.3d 201, 235 (3d Cir. 2001) (“The vast disparity between the number of potential class members who received notice of the Settlement and the number of objectors creates a strong presumption that this factor weighs in favor of the Settlement[.]”). Plaintiffs and the Claims Administrator have received only three requests for exclusion to date from persons identifying themselves as investors in TAL securities. But all of these requests are invalid for failing to list transactions in TAL securities that would establish Settlement Class Membership. Evans Decl. ¶14.

In their reply papers, Plaintiffs will address any objections and requests for exclusion that postdate this motion, after the deadline to object or opt out has passed.

C. The Relief Provided for the Class is Adequate

Girsh and Rule 23(e) also established guidelines to determine whether

settlements are substantively fair. *Girsh* factors 1, 4-6, and 8-9 ask courts to weigh the complexity, expense, likely duration, and risks of continued litigation against the range of reasonableness in light of the best possible recovery, as well as a possible recovery taking into account the risks of litigation. Rule 23(e)(2)(C) likewise directs the Court to consider whether “the relief provided for the class is adequate, taking into account: (i) the costs, risks, and delay of trial and appeal” along with other relevant factors. Under this analysis, the Settlement is an excellent result for the Settlement Class.

1. The Costs and Risks of Litigation Support Approval

Several of the *Girsh* factors focus courts’ analysis on the overall costs and risks of litigation. The first *Girsh* factor weighs the “probable costs, in both time and money, of continued litigation.” *In re Par Pharm. Sec. Litig.*, 2013 WL 3930091, at *4 (D.N.J. July 29, 2013) (quoting *In re Cendant Corp. Litig.*, 264 F.3d 201, 233 (3d Cir. 2001)). The fourth, fifth, and sixth *Girsh* factors address the risks of establishing liability or damages, and of maintaining class certification, respectively. Because risks and costs often arise from the same facts, courts often discuss these factors together. *See Hall v. Best Buy Co.*, 274 F.R.D. 154, 169 (E.D. Pa. 2011) (considering risk factors collectively).

“Securities fraud class actions are notably complex, lengthy, and expensive cases to litigate.” *Par Pharm.*, 2013 WL 3930091, at *4; *see also In re Ikon Off.*

Sols., Inc., Sec. Litig., 194 F.R.D. 166, 179 (E.D. Pa. 2000) (“Large class actions alleging securities fraud” are “inherently complicated.”).

As further set out in the Fee Brief, that this case concerns TAL’s operations in China makes this case an outlier even among securities class actions. Substantially all of the documents in this case are in Chinese, requiring costly translation and creating additional mistranslation risk. The Chinese locus also cuts down on the scope of likely discovery; in this case, Plaintiffs believe they would face substantial legal and practical obstacles to obtaining compulsory third-party discovery in China.

Likewise, as Judge Farbiarz recognized, whether TAL’s conduct in fact violated the Double Reduction is a central issue in this case. While the Double Reduction’s literal text was determinative at the motion to dismiss stage, expert interpretation will increase costs and risk. Moreover, because of TAL’s nominally anodyne activities—which the jury might interpret as simply teaching kids math and science—the jury’s sympathy is not guaranteed.

While Plaintiffs face limited class certification risks, recent decisions have made class certification riskier for plaintiffs. *E.g.*, *Halliburton Co. v. Erica P. John Fund, Inc.*, 573 U.S. 258, 268 (2014) (defendants can rebut presumption of reliance); *Goldman Sachs Grp., Inc. v. Arkansas Tchr. Ret. Sys.*, 594 U.S. 113, 123 (2021) (courts must consider generic nature of misrepresentations when determining whether defendants rebutted presumption of reliance). Defendants’ potential

challenges to class certification on these or other grounds posed a real risk to Plaintiffs' ability to secure a class-wide recovery.

With respect to *Girsh* factor 7, TAL would likely be able to withstand a judgment of Plaintiffs' maximum damages. But "a defendant's ability to pay a larger settlement sum is not particularly damaging to the settlement agreement's fairness as long as the other factors favor settlement." *In re Johnson & Johnson Derivative Litig.*, 900 F. Supp. 2d 467, 484 (D.N.J. 2012) (indirectly citing *In re Prudential Ins. Co. America Sales Practice Litig. Agent Actions*, 148 F.3d 283, 322 (3d Cir. 1998)). This factor does not weigh heavily against approval of the Settlement.

2. The Percentage Recovery Supports Approval

Girsh factors 8-9 ask courts to weigh the settlement against an idealized maximum possible recovery, and a more realistic recovery taking into account the risks of litigation. "The factors test two sides of the same coin: reasonableness in light of the best possible recovery and reasonableness in light of the risks the parties would face if the case went to trial." *In re Nat'l Football League Players Concussion Inj. Litig.*, 821 F.3d 410, 440 (3d Cir. 2016), *as amended* (May 2, 2016).

In addition to the litigation risks explained above, and in greater detail in the Fee Brief, Plaintiffs face significant uncertainty about the amount of damages. They would have to establish per-share damages through expert testimony. But Plaintiffs' expert's absolute maximum point estimate of \$114 million masks considerable

uncertainty. This estimate may, and likely does, overstate damages because it makes optimistic assumptions about per-share damages and the number of damaged shares.

Plaintiffs' expert used a market model to calculate per-share damages. As is standard, the model included two variables to control for daily stock market and industry-specific movements. By default, the model attributes the remaining price movements, called excess returns, to company-specific price movements. Using this model, Plaintiffs' expert estimates damages of \$0.82 per share.

Plaintiffs' expert's model is the standard for damages calculations in securities class actions. Here, though, Defendants could argue that the standard model is inadequate. Plaintiffs' expert selected a broad consumer goods index to calculate industry-specific movements. Ultimately, the jury decides on per-share damages. Because the Double Reduction was so central to Chinese after-school tutoring companies, the jury might agree that a market model should also control for price movements in the other two U.S.-traded companies in that business. With this additional variable, as a statistical matter, the model better predicts daily movements in TAL's stock price. And per share damages would fall by more than half to \$0.34.

The \$114.0 million estimate also relies on aggressive assumptions about the number of damaged shares. If restricted to observable inputs, Plaintiffs' expert estimates that there are 129.2 million damaged shares resulting in damages of \$94.6 million. To support the \$114.0 million estimate, Plaintiffs' expert must add

hypothetical off-market transactions.

The number of shares available for trading is a key input into the number of damaged shares. Certain institutional investors must publicly report their holdings every quarter. Experts use these holdings to calculate damages. If a fund held the same number of shares at all times during the Class Period, then expert models assume that the shares were not traded. Under that assumption, the shares are not damaged *and* they are taken out of the tradable float of damaged shares.

There is another possible source of damaged shares: interfund trades. As allowed by SEC Rule 17a-7, fund families (like Fidelity) sometimes transfer shares between funds in off-market transactions. 17 C.F.R. § 270.17a-7. By law, these transactions must be conducted at market prices, so the shares are damaged shares. *Id.* § 270.17a-7(b). These transactions are unobservable because they are off market and because large fund families like Fidelity report their holdings on a consolidated basis. So it is possible that none, some, or all of the shares held by fund families and not traded in public markets are damaged shares. If none are, then damages are \$94.6 million; if all are, then damages are \$114 million. And if none are and damages are only \$0.34 per share, then total damages are \$40.7 million. In that case, the Settlement amounts to a 34.6% recovery, an outstanding result at this early stage of litigation.

Cornerstone Research, an economic analysis and consulting firm, publishes

annual reports providing statistics on securities class action settlements. Cornerstone's latest report calculates that the median settlement from 2015 through 2023 in securities fraud cases with damages of between \$75 million and \$149 million recovered 7.3% of damages. *See* Preliminary Approval Horne Declaration, ECF 87-9. The \$14.1 million settlement recovers 12.4% of the \$114.0 million estimate, 14.9% of the \$94.6 million estimate, and 34.6% of the \$40.7 million estimate. Even at the low end, the Settlement's 12.4% recovery is almost 70% greater than the 7.3% median recovery in similar cases of this size. Thus, the settlement is an excellent recovery.

D. Other Rule 23 and Third Circuit Factors Support Approval

1. Public Interest Favors the Settlement

The Supreme Court has recognized that private securities actions are “an essential supplement to criminal prosecutions and civil enforcement actions” brought by the SEC. *See Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 313 (2007). This Settlement furthers that public policy by providing a substantial recovery to Settlement Class Members. Moreover, the Settlement promotes judicial efficiency by resolving at once the claims of the entire Settlement Class of aggrieved shareholders, avoiding years of litigation in this Court or in the Court of Appeals.

2. Plaintiffs' Request for Attorneys' Fees is Reasonable

Rule 23(e)(2)(C)(iii) addresses “the terms of any proposed award of attorney's fees, including timing of payment.” Likewise, the *Prudential* factor referred to

herein as factor 14 asks “whether any provisions for attorneys’ fees are reasonable.” *Prudential*, 148 F.3d at 323. Lead Counsel seeks an award of attorneys’ fees of no more than one third of the Settlement Fund. As more fully set out in the Fee Brief, if awarded, Lead Counsel’s fee request will fall within the range of reasonable attorneys’ fees awarded in this Circuit. Regardless, the amount and timing of the attorneys’ fees are not terms of the Settlement. If the Court finds either unreasonable, it can award smaller fees or delay payment, without otherwise affecting the Settlement or hindering its approval.

The Court-approved Notice Program also fully disclosed the maximum amount of fees and expenses that Lead Counsel would seek. *See, e.g.*, Evans Decl., Exs. A (Long Notice) and C (Postcard Notice). No Settlement Class Member has objected to these requests.

3. The Parties Have Agreed to a Side Agreement Regarding Opt-Outs

Rule 23(e)(2)(C)(iv) requires disclosure of any side agreement. The Parties have agreed to a standard supplemental agreement which provides that if Settlement Class Members opt out of the Settlement such that the number of shares of TAL securities represented by such opt-outs equals or exceeds a certain number, TAL may terminate the Settlement. *See* Stipulation §2.12. Following standard practice in securities class actions, while the supplemental agreement is identified in the Stipulation, the terms were kept confidential to avoid creating incentives for a small

group of class members to opt out solely to leverage the threshold to exact an individual settlement. *See Hosp. Authority of Metropolitan Gov't of Nashville & Davidson Cnty., Tennessee v. Momenta Pharms., Inc.*, 2020 WL 3053467, at *2 (M.D. Tenn. May 29, 2020) (granting final approval, noting that “supplemental agreements that set forth confidential terms of termination in the event exclusions reached a certain threshold ... may appropriately be kept confidential and not filed on the public docket.”). “This type of agreement is standard in securities class action settlements and has no negative impact on the fairness of the Settlement.” *Christine Asia Co. v. Yun Ma*, 2019 WL 5257534, at *15 (S.D.N.Y. Oct. 16, 2019).

4. The Method of Distributing Relief to the Class Is Adequate

The Settlement proceeds will be allocated to Settlement Class Members who timely submit valid Claim Forms in accordance with the Plan of Allocation. As provided in the Preliminary Approval Order, ¶19(c), the Claims Administrator is processing claims under Lead Counsel’s guidance and is allowing claimants an opportunity to cure any deficiencies in their claims or request the Court to review a denial of their claims. After the Court enters a distribution order, the Claims Administrator will provide Authorized Claimants their *pro rata* share of the Net Settlement Fund (per the Plan of Allocation). No funds will be returned to Defendants as provided in the Stipulation. ¶¶2.5, 6.7.

This method for claims processing and distributing settlement proceeds is

standard in securities class actions. *Christine Asia*, 2019 WL 5257534, at *14; *In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig.*, 330 F.R.D. 11, 40-41 (E.D.N.Y. 2019). It is both effective and necessary because the Parties do not have all the individual data required to distribute the Net Settlement Fund without a claims process. Thus, as the Court determined in its Preliminary Approval Order, the proposed distribution protocol does not impose an undue burden on Settlement Class Members and supports final approval.

5. The Settlement Treats Settlement Class Members Equitably

Rule 23(e)(2)(D) requires courts to evaluate whether a settlement treats class members equitably relative to one another. The Settlement does not offer preferential treatment to any Settlement Class Member, including Plaintiffs. The Plan of Allocation, as set out in the Long Notice, provides for distribution of the Net Settlement Fund to Authorized Claimants *pro rata*, based on when each investor purchased or acquired the relevant shares and at what price. The Plan of Allocation was developed by Class Counsel after consulting with the Claims Administrator and Plaintiffs' damages expert. All Settlement Class Members' recoveries, including Plaintiffs', will be based upon the relative losses they sustained via a *pro rata* distribution from the Net Settlement Fund, per the Plan of Allocation. Evans Decl., Exhibit A, at 11.

Plaintiffs also seek individual awards of \$8,000 in total for the time they spent

representing the Settlement Class. The grounds for these awards are set forth in the accompanying Fee Brief. The Notice described the awards and amounts that Plaintiffs now seek. To date, not one Settlement Class Member has objected to the awards to Plaintiffs. Evans Decl. ¶15.

6. Settlement Class Members have the Right to Opt Out

In determining approval, courts may, but need not, consider the *Prudential* factors. Many are already addressed above. Of the remaining factors, only one is relevant: settlement class members have the right to opt out, which weighs slightly in support of approval. The other factors are either duplicative or not relevant to this case.⁴

E. The Court Should Approve The Plan of Allocation

The Court preliminarily approved the Plan of Allocation in its Preliminary Approval Order. ECF. No. 101. The Plan of Allocation was detailed in the Long Notice disseminated to Settlement Class Members. Evans Decl., Ex. A at 4-5. Plaintiffs now seek final approval of the Plan of Allocation for the purposes of administering the Settlement.

⁴ Attorneys' fees and the method for processing claims, Factors 14 and 15, are addressed at pages 19-21, above. There is no novel science involved and securities class actions are mature (factor 10), there are no other classes or subclasses (factor 11), and there are no parallel claimants, individual actions, or government recoveries (factor 12).

Approval of a plan of allocation of a proposed class action settlement fund is merited where it is “fair, reasonable and adequate.” *Par Pharm.*, 2013 WL 3930091, at *3. A plan of allocation recommended by experienced and competent class counsel “need only have a reasonable and rational basis.” *Par Pharm.*, 2013 WL 3930091, at *8.

Here, the proposed Plan of Allocation, which was developed by Class Counsel in consultation with the Claims Administrator, is set forth in the Long Notice. Evans Decl., Ex. A (Long Notice) at 7-26. The Plan of Allocation uses the single drop pled in the Complaint and applies the 90-day lookback damages limitation period imposed by the PSLRA. The proposed Plan of Allocation will result in a fair and equitable distribution of the Net Settlement Fund among Settlement Class Members proportional to the result if Plaintiffs prevailed at trial.

To date, no Settlement Class Member has objected to the Plan of Allocation. Evans Decl. ¶15. The Court should approve the proposed Plan of Allocation.

F. Notice To The Settlement Class Satisfied The Requirements Of Rule 23, Due Process, And The PSLRA

In granting preliminary approval, the Court also preliminarily approved the Notice Plan. Plaintiffs have provided notice in strict compliance with the Court’s Preliminary Approval Order. To date, the Claims Administrator has provided individual notice to 62,983 potential Settlement Class Members, published a summary notice, and maintained a settlement-specific website hosting the key

documents relevant to the Settlement. Evans Decl. ¶¶10-13. As the Court preliminarily found, this was “the best notice ... practicable under the circumstances” and satisfies the requirements of due process, Rule 23, and the PSLRA. *See* ECF No. 101 ¶18.

G. Certification Of The Settlement Class Remains Warranted

The Court’s April 28, 2026 Preliminary Approval Order granted Plaintiffs’ motion for preliminary approval of the Settlement and preliminarily certified the Settlement Class for settlement purposes only, pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure. ECF No. 101. Nothing has changed to alter the propriety of certification for settlement purposes and, for all the reasons stated in Lead Plaintiff’s Preliminary Approval Brief, ECF No. 87-1, and in the Court’s Preliminary Approval Order, the Court should grant final certification of the Settlement Class pursuant to Rules 23(a) and (b)(3).

IV. CONCLUSION

For the foregoing reasons, the Court should approve the Settlement, Notice Plan, and Plan of Allocation, and certify the Settlement Class.

Dated: September 24, 2026

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was filed with the Court's ECF system on September 24, 2026. Notice of this filing will be sent automatically by operation of the Court's system to all counsel of record.

/s/Laurence M. Rosen
Laurence M. Rosen