

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

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: Index No. 653594/2018
:
IN RE RENREN, INC. : Hon. Andrew Borrok
:
DERIVATIVE LITIGATION :
: Mot. Seq. No. 021
_____ X

**SUPPLEMENTAL AFFIRMATION OF WILLIAM T. REID, IV
IN SUPPORT OF PLAINTIFFS’ MOTION FOR APPROVAL OF PROPOSED
SETTLEMENT AND AWARD OF ATTORNEYS’ FEES AND EXPENSES**

William T. Reid, IV, an attorney duly admitted to practice law in the state of New York, and not a party to this action, hereby affirms under the penalties of perjury the following, pursuant to CPLR 2106:

1. I am a founding partner of the law firm Reid Collins & Tsai LLP (“**Reid Collins**”). I am familiar with the facts asserted herein based on either personal knowledge or from an examination of the documents attached hereto. I submit this Supplemental Affirmation and exhibits in reply to objections and in further support of Plaintiffs’ Motion for Approval of Proposed Settlement and Award of Attorneys’ Fees (the “**Motion**”).

2. As indicated in previously filed affirmations and certificates of compliance from Plaintiffs’ Counsel and the Administrator (Epiq), notice was given in accordance with the Court’s October 18, 2021 [Scheduling Order](#).

3. We have instructed Epiq to attach all submitted objections that it has received and/or that we are otherwise aware of (unless withdrawn) to its supplemental affirmation, regardless of whether such objections met the requirements in the [Scheduling Order](#) to constitute a valid objection.

I. TRADING HISTORY OF RENREN'S ADSs.

4. The historical trading price of Renren's ADSs, listed on the New York Stock Exchange and trading with the ticker RENN, is relevant to both the objections of former shareholders and the fee objectors, as the trading history reflects the market's perception of the riskiness of this litigation, how that perception changed over time, the benefit that the Settlement confers on minority investors, and the substantial benefit that investors will receive from the Settlement.

5. Renren announced on December 11, 2019 that there would be a change from the "current ADS Ratio of one (1) ADS to fifteen (15) Class A ordinary shares to a new ADS Ratio of one (1) ADS to forty-five (45) Class A ordinary shares." **Exhibit A.** Renren filed a post-effective amendment to its registration statement reflecting the change on December 12, 2019.¹

6. It is my understanding that commonly reported historical trading data for Renren's ADSs reflects the change in the ADS-to-stock ratio from 1:15 (in effect at the time of the Transaction in 2018) to 1:45 (December 2019 through the present). A true and correct copy of historical RENN trading data that my firm obtained from the *Wall Street Journal* website² is attached hereto as **Exhibit B.** It is my understanding that this historical trading data reflects the ADS ratio change in the data reported for December 2019 and earlier months.

7. As reflected in **Exhibit B**, Renren's ADS price closed below \$1 throughout the entirety of April 2020, the month before the Motion to dismiss hearing. In the first week of May 2020, it traded with a \$1 handle. Within two days of the Court's opinion and order denying the motions to dismiss on May 20, 2020, the closing price rose to \$4.21 on May 22, 2020. We are

¹ https://www.sec.gov/Archives/edgar/data/0001509223/000119380519001931/e619236_f6pos-renren.htm

² <https://www.wsj.com/market-data/quotes/RENN/historical-prices>

unaware of any Renren-specific news during that time period, other than denial of Defendants' motions to dismiss. The closing price of Renren's ADSs remained in single digits until gradually climbing into double digits at times in 2021 as Plaintiffs secured victory on appeal, amended and supplemented the complaint to add new parties and new claims, and procured the attachment.

8. If Plaintiffs' Counsels' 33% fee request is granted, the gross distribution (before expenses and the possible effects of the "greater of" protections) would be \$25.92 per ADS. That amount significantly exceeds the trading price of Renren's ADSs from any point in time from June 22, 2018 (the day after the Transaction closed) through October 7, 2021 (the date the Stipulation was filed). Even some investors who purchased after the Settlement was announced would likely receive full recoupment of their investment, plus a profit, if the Court were to award a 33% fee.

9. On April 27, 2018, the last trading session before the Transaction was announced on April 30, 2018, the closing price for Renren's ADSs was \$30.69 according to **Exhibit B**. On an apples-to-apples basis and adjusting for the ratio change from 1:15 to 1:45, the Cash Dividend that was paid in 2018 of \$9.1875 per ADS (under the ratio in effect at the time) is the equivalent of approximately \$27.56 per ADS under the ratio currently in effect and reflected in the historical pricing data set forth in **Exhibit B**. Thus, the Cash Dividend that was paid in 2018 was approximately 90% of the closing prices on April 27, 2018, and June 21, 2018 (the last trading session before the Transaction was completed and dividend was paid).

II. THE FEE OBJECTIONS

10. Directly and/or from Epiq, we have received objections to our fee request from: (1) Martin Herson; (2) Kevin Barnes; and (3) Adam Gui. Only the latter two remain, as Mr. Herson informed me on November 29, 2021, that he was withdrawing his objection because he had sold his Renren interests.

11. The remaining two objectors rely on data in federal securities class actions that they obtained from NERA Economic Consulting's annual reports on securities class action litigation. The most recent of these reports is attached hereto as **Exhibit C**.

12. For the sake of completeness, we are including additional data points from other prominent sources of empirical data regarding class actions that are sometimes cited by courts. A true and correct copy of a 2020 Review and Analysis of "Securities Class Actions Settlements," prepared by Cornerstone Research, is attached hereto as **Exhibit D**. True and correct copies of two submissions by Professor Brian T. Fitzpatrick, the author of several law review and legal journal articles addressing class actions, discussing his scholarly research regarding class action fee awards, are attached hereto as **Exhibits E and F**.

13. A true and correct copy of the redacted brokerage statement provided by Mr. Barnes to show his ownership in Renren is attached hereto as **Exhibit G**. This statement reflects that Mr. Barnes owns 25,000 ADSs as of the date of the statement, although he has not submitted documentation establishing precisely when he purchased those interests.

14. We received Mr. Gui's objection from Epiq on November 24, 2021. A true and correct copy of the email and objection we received from Epiq is attached hereto as **Exhibit H**. Mr. Gui's email did not include any documentation establishing his ownership as a Renren shareholder or ADS holder. When asked, Mr. Gui subsequently provided a screenshot reflecting ownership of 6,500 ADSs and represented that he owned those interests as of October 18, 2021. **Exhibit I**.

15. Based on the information they provided, it appears that Mr. Gui (6,500 ADSs) and Mr. Barnes (25,000 ADSs) own at most 31,500 ADSs in the aggregate. Those combined holdings represent approximately 0.4062% of the minority interest, based on the estimated number of

eligible minority shares that was used to calculate the per share and per ADS components of the Settlement Amount.

16. Prior to submitting his objection, Mr. Barnes reached out to me to ask whether I had any interest in discussing unspecified “potential resolutions” to the objection he intended to file, although I never received any indication from him regarding what fee percentage he deemed reasonable. I did not feel comfortable in engaging in any discussions with Mr. Barnes and, by extension, Mr. Gui for several reasons. In particular, I was made uncomfortable by the juxtaposition of the rhetoric in Mr. Barnes’ objection with his repeated invitations to discuss it before he transmitted it to the Court (and one such invitation included a PDF of a FedEx shipping label to chambers). Moreover, Mr. Barnes’ and Mr. Gui’s objections appeared coordinated (much of the language is repeated verbatim), and we are aware of at least three recent matters (within the last 18 months) in which they both have objected and/or made pro se appearances.

Dated: December 2, 2021



William T. Reid, IV

PRINTING SPECIFICATIONS STATEMENT

Pursuant to N.Y.C.R.R. §202.70(g), Rule 17, I hereby certify that the foregoing Affirmation was prepared on a computer using Microsoft Word. A proportionally spaced typeface was used as follows:

Name of Typeface: Times New Roman
Point Size: 12
Line Spacing: Double

The total number of words in the foregoing Affirmation, inclusive of point headings and exclusive of the caption, the signature block and the certificate of compliance is 1302 words.

Dated: December 2, 2021



William T. Reid, IV