

3. Pursuant to paragraph 5 of the Court’s Scheduling Order dated October 18, 2021 (the “Scheduling Order”), the Court approved the appointment of Epiq as the settlement administrator (the “Administrator”), and Plaintiffs’ Counsel was authorized to retain Epiq to supervise and administer the notice and administration of the proposed Settlement of this derivative action set forth in the Stipulation of Settlement dated October 7, 2021 [NYSCEF 753] (the “Stipulation”).¹

EPIQ’S ROLE AS THE SETTLEMENT ADMINISTRATOR

4. Based on the Stipulation, Epiq’s role as settlement Administrator consists of: (i) facilitating provision of notice; (ii) establishing and overseeing a settlement trust account to hold and disburse settlement proceeds; and (iii) making distributions to Renren’s current minority shareholders (excluding Defendants and the D&O Releasees), as determined at the soonest practicable date upon final approval of the Settlement.

5. First, as detailed in prior affirmations, Epiq completed notice contemplated in the Scheduling Order and Stipulation. *See* NYSCEF 790, NYSCEF 791, NYSCEF 792. Epiq provided notice by mail to existing holders of Class A shares as set forth in Renren’s “register of members” provided by Defendants and to holders of ADSs. Moreover, Epiq maintained a settlement website at www.renrensettlement.com, and procured a publication notice in *The Wall Street Journal*.

6. Second, Epiq, under the supervision of Plaintiffs’ Counsel and with the consent of Defendants, established a settlement account held in trust (the “Trust” or “Settlement Account”) at The Huntington National Bank (“Huntington”) to receive and disburse settlement proceeds in accordance with paragraph 2 of the Stipulation. The OPI Payors and Duff & Phelps paid the

¹ Unless otherwise defined herein, all capitalized terms shall have the same meanings as set forth in the Stipulation.

required \$300 million Initial Settlement Deposit into the Settlement Account in November 2021, and the funds remain in that trust account. Those funds remain in the control of Epiq, and disbursements will be made out of the Settlement Account, subject to court approval, under Epiq's direction in accordance with the Stipulation.

7. To the extent that the OPI Payors are required to pay a "True Up" payment, as contemplated in paragraphs 1.ee, 1.jj, 2, and 3 of the Stipulation, the OPI Payors are also required to pay the "True Up" amount into the Settlement Account under Epiq's control (pursuant to paragraph 3 of the Stipulation).

8. Third, as described in more detail below, Epiq is responsible for making disbursements to Renren's current shareholders and ADS holders.

EPIQ'S ROLE IN DISBURSING SETTLEMENT PROCEEDS

9. The Stipulation contemplates distributions to all "Renren Shareholders...as of the Record Date," excluding Defendants and five individuals identified as the D&O Releasees. *See* Stipulation ¶¶1.g (defining "D&O Releasees"); 1.aa (defining "Renren Shareholders"). Renren Shareholders consist of two types of investors: (i) those who hold Renren Class A ordinary shares, which are not publicly traded; and (ii) those who hold Renren ADSs, which are publicly traded on the New York Stock Exchange. Stipulation ¶1.aa. Under the Stipulation, Epiq is to distribute the net settlement proceeds "on a pro rata basis to Renren Shareholders as determined" at a determined future date, meaning that all then-current shareholders other than the excluded Defendants and D&O Releasees will share equally based on their current proportionate ownership at that time. Stipulation ¶6.

10. Because Renren's ADSs are publicly traded, ownership constantly changes as ADSs are bought and sold on the open market. Eligibility for current ADS holders to participate

in the Settlement is based on a particular future date, to be set as close as reasonably possible to the time the Settlement becomes final and effective. *See* Stipulation ¶¶ 1.t (defining “Record Date” as “the earliest practicable date after the Effective Date”); 1.j (defining “Effective Date”); 1.k (defining “Final”). Payments to eligible current ADS holders as of that date will be made by Epiq through the Depository Trust Clearinghouse & Company (“DTCC”); Epiq will transfer funds to DTCC in accordance with paragraph 8 of the Stipulation, and DTCC will then make direct pro rata payments to each eligible ADS holder. Moreover, paragraph 8 of the Stipulation requires that Defendants and D&O Releasees take several steps to ensure that they do not receive any such distributions, and paragraph 10 requires that Defendants and D&O Releasees return funds received in error.

11. Based on my experience and Epiq’s experience as a professional administrator of settlements and other claims processes, this mechanism to directly pay eligible ADS holders can offer advantages over a traditional claims process in cases where a plan of allocation does not require individual calculation of damages for each shareholder. Where, as here, each current shareholder will get a pro rata distribution through a DTCC Participant, the DTCC distribution process to such shareholders should be faster, more efficient, and less costly than a traditional claims process.

12. First, because every publicly traded ADS is beneficially owned by someone, making payments through securities industry channels and based on securities industry determination of beneficial ownership should result in a distribution to nearly all minority ADS holders (while excluding Defendants and D&O Releasees). This can be more efficient and inclusive than a claims process in a traditional securities class action because the rate of payable

claims made by large numbers of class members in a typical claims process typically ranges from 30% to 60%, which can be much lower than a direct distribution.

13. Second, this mechanism allows for a much quicker payment measured in days or at most a few weeks after the Effective Date, rather than several months as would be typical in a claims process.

14. Finally, this mechanism reduces administrative costs, as administrative costs of transferring funds to DTCC and DTCC then disbursing the funds through securities industry channels should result in far less time and effort than a manual claims process. Relatedly, the disbursement mechanism contemplated in the Stipulation is less prone to any administrative burdens resulting from reviewing and resolving any improper claims made by ineligible claimants (or potential fraudulent claims).

15. Payments to eligible Renren Class A shareholders of record according to Renren's register of members maintained under Cayman Islands Law (the "Register") will be made by Epiq itself. Specifically, Epiq will make pro rata payments to eligible holders of Class A shares directly, through check or wire transfer. Eligibility of holders of Class A shares will be based on the Register as of the date fixed for identification of current shareholders following the Effective Date of the Settlement, pursuant to paragraph 8 of the Stipulation. Section 8 of the Stipulation also contemplates that Epiq will hold funds to the extent that there are any disputes over any discrepancies in the Registry until such disputes are resolved under applicable law. Again, Defendants and D&O Releasees are excluded.

16. All distributions to current Renren Shareholders, whether holders of ADSs or shareholders of record of Class A shares, will be made out of the Settlement Account and under the supervision of Epiq on a pro rata basis, treating all current minority investors equally.

17. In addition to overseeing initial distributions to all then-current ADS holders (through the Depositary and/or DTCC) and then-current Class A shareholders (through payments made out of the Settlement Account), excluding Defendants and D&O Releasees, based on their proportionate then-current ownership, Epiq will also take steps to ensure that any remaining funds are distributed to participating minority shareholders.

18. Specifically, paragraph 33 of the Stipulation contemplates that Epiq will make reasonable and diligent efforts to ensure that eligible Renren Shareholders cash their distribution checks. If there are any remaining funds after six months, Epiq is then to re-distribute any remaining funds (if economically feasible) pro rata amongst Renren's other current eligible holders participating in the Settlement in an equitable and economic manner.

19. The amount of any leftover funds subject to re-distribution is likely to be small for several reasons.

20. First, based on the Registry, over 99% of eligible minority interest is held in the form of ADSs. All eligible beneficial holders of Renren ADSs will receive payment via DTCC and their respective brokerages (or directly, if the holders hold the ADSs in their own name). There should be minimal, if any, reversion once funds are sent to DTCC for further disbursement through the securities marketplace. In my personal experience and verifying with other colleagues who have also worked with the DTCC in similar matters, DTCC has never provided Epiq with a reversion of funds.

21. Second, the universe of registered Class A shareholders of record is small. Based on the Registry, there are only 42 holders of Class A shares, excluding Plaintiffs, Defendants, the D&O Releasees, CRCM, and the Depositary (which holds shares represented by the ADSs pursuant to the Deposit Agreement).

22. Moreover, over 99.9% of those registered Class A shares are held by just five registered Class A shareholders. Thus, if all five Class A shareholders cash their checks, the amount of any reversion would be less than \$1,000.

23. In the event any checks are returned untendered, or wire transfers are refused, Epiq will make all reasonable efforts to reach eligible holders to ensure they are able to obtain their share of the Settlement Fund. In the event any funds remain in the Settlement Fund at least six months after such efforts, Epiq will redistribute funds, pro rata, to the eligible ADS holders and Class A holders. Any funds remaining after that point would revert to Renren, but the amounts remaining are likely to be very small.



ALEXANDER VILLANOVA

Sworn to before me this 28th
day of April, 2022



NOTARY PUBLIC

