

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

In Re: Robinhood Outage Litigation

Master File No. 3:20-cv-01626-JD

CLASS ACTION

**[PROPOSED] FINAL ORDER AND
JUDGMENT APPROVING CLASS ACTION
SETTLEMENT**

1 **WHEREAS**, the Court held a Fairness Hearing to consider approval of this class action
2 Settlement on June 15, 2023. The Court has considered the Motion for Settlement (Dkt. No. 192), all
3 pleadings filed in relation to the Settlement, all matters submitted to it at the Fairness Hearing, the
4 relevant law, and all other files, records, and proceedings in this Action.

5 **GOOD CAUSE APPEARING, IT IS HEREBY ORDERED AS FOLLOWS:**

6 1. This Final Approval Order and Judgment incorporates by reference the definitions in
7 the Settlement Agreement, and all terms used herein shall have the same meanings as set forth in the
8 Settlement Agreement, unless otherwise set forth herein.

9 2. The Court has jurisdiction over the subject matter of this Action and all matters relating
10 to the Settlement, as well as personal jurisdiction over Class Representatives, the Settlement Class
11 Members, and Defendants.

12 3. The Court finds that the Long Form Notice and the Notice Plan, including a combination
13 email and physical mail to Settlement Class Members based on Robinhood’s records, a social media
14 campaign, and a dedicated website, was implemented in accordance with the Preliminary Approval
15 Order and (a) constituted the best practicable notice under the circumstances; (b) constituted notice that
16 is appropriate, in a manner, content and format reasonably calculated, under the circumstances, to
17 apprise the Settlement Class of the pendency of the Action and the effect of the Settlement (including
18 the releases contained therein); their right to object to any aspect of the Settlement, the Plan of
19 Allocation, and/or Class Counsel’s Motion for Attorneys’ Fees and Expenses and Service Awards;
20 their right to exclude themselves from the Settlement Class; and their right to appear at the Fairness
21 Hearing; (c) was reasonable and constituted due, adequate, and sufficient notice to all Persons entitled
22 to receive notice; and (d) met all applicable requirements of the Federal Rules of Civil Procedure, the
23 Due Process Clause of the United States Constitution, and the rules of the Court. These combined
24 efforts directly reached approximately 99% of the identified Settlement Class members. *See* Azari
25 Supp. Decl., ¶ 14. Therefore, the Court finds the Notice Plan was adequate.

26 4. The Court finds that, for purposes of the Settlement only, all prerequisites for
27 maintenance of a class action set forth in Federal Rules of Civil Procedure 23(a) and (b)(3) are satisfied.
28 The Court certifies the following Settlement Class for purposes of Settlement only:

1 All Robinhood accountholders in the United States who: (i) closed a position on
2 March 3, 2020, at a loss relative to the Volume Weighted Average Price (“VWAP”)
3 during the March 2 and 3, 2020 Outages; (ii) held SPDR S&P 500 options expiring
4 on March 2, 2020 and experienced a loss relative to the VWAP during the March 2,
5 2020 Outage; (iii) who experienced a Failed Equity Trade during the March 2 and 3
6 Outages at a loss relative to the price at the end of the March 2 and 3 Outages and/or
7 the transaction price obtained through March 4, 2020; or (iv) who experienced a
8 Failed Equity Trade during the March 9 Outage at a loss relative to the price at the
9 end of the March 9 Outage and/or the transaction price obtained through March 10,
2020. Excluded from the Settlement Class are Defendants and their legal
representatives, heirs, successors or assigns. Also excluded from the Settlement
Class are Persons who have entered into settlement agreements with Robinhood,
outside of the Goodwill Program, that include a release of claims related to the
Outages.

10 5. Plaintiffs Daniel Beckman, Emma Jones, Mahdi Heidari Moghadam, Howard Morey,
11 Colin Prendergast, Raghu Rao, Michael Riggs, and Jason Steinberg (“Class Representatives”) have
12 adequately represented the Settlement Class and are hereby appointed, for settlement purposes only, as
13 representatives for the Settlement Class for purposes of Federal Rule of Civil Procedure 23.

14 6. Anne Marie Murphy of Cotchett, Pitre, & McCarthy LLP and Matthew B. George of
15 Kaplan Fox & Kilsheimer LLP have adequately represented the Settlement Class and are hereby
16 appointed as counsel for the Settlement Class pursuant to Federal Rule of Civil Procedure 23.

17 7. In evaluating a proposed class action settlement under Federal Rule of Civil Procedure
18 23(e), the standard is whether the settlement “is fundamentally fair, adequate, and reasonable.” When
19 the parties negotiate a settlement agreement before the class has been certified, the Court conducts a
20 more probing inquiry to assure the settlement meets the heightened fairness standard. Pursuant to
21 Federal Rule of Civil Procedure 23(e)(2), and following a hearing and rigorous scrutiny of the
22 Settlement, the Court hereby grants final approval of the Settlement set forth in the Settlement
23 Agreement and finds that the Settlement is fair, reasonable, and adequate and in the best interests of
24 the Settlement Class Members based on the following factors, among others:

25 a. **Adequate Representation (F.R.C.P. 23(e)(2)(A)).** The Class Representatives
26 and Class Counsel have adequately represented the class, without conflicts, and including active
27 participation in investigation, pleadings, motion practice, discovery and settlement negotiations. Based
28 on the stage of the proceedings—including completion of fact discovery, exchange of expert reports,

1 and that Class Representatives' certification motion has been fully briefed—and the amount of
2 investigation and discovery conducted, Class Representatives and Class Counsel had a well-developed
3 perspective on the strengths and weaknesses of their respective cases in order to “make an informed
4 decision about settlement.” *In re Mego Fin. Corp. Sec. Litig.*, 213 F.3d 454, 459 (9th Cir. 2000)
5 (quoting *Linney v. Cellular Alaska P'ship*, 151 F.3d 1234, 1239 (9th Cir. 1998)).

6 **b. Arms' Length Negotiation (F.R.C.P. 23(e)(2)(B)).** There is no fraud or
7 collusion underlying this Settlement, and it was reached as a result of extensive arm's length
8 negotiations, occurring over the course of almost a year, and mediation with a respected mediator. *See,*
9 *e.g., In re Bluetooth Headset Prods. Liab. Litig.*, 654 F.3d 935, 948 (9th Cir. 2011) (presence of a
10 neutral mediator is a factor weighing in favor of a finding of non-collusiveness). Moreover, there is
11 no “clear sailing” agreement, and the Settlement is non-reversionary. *Id.* at 947.

12 **c. Adequate Settlement Relief. (F.R.C.P. 23(e)(2)(C)).** The relief provided for
13 the Settlement Class Members is adequate, taking into account the complexity, costs, risk, and likely
14 duration of the litigation, including trial and appeal. The Settlement provides meaningful cash relief
15 to Settlement Class Members on a much shorter time frame than otherwise possible. *See, e.g., Lane v.*
16 *Facebook, Inc.*, 696 F.3d 811, 820 (9th Cir. 2012) (affirming the district court's approval of a settlement
17 where class counsel “reasonably concluded that the immediate benefits represented by the Settlement
18 outweighed the possibility—perhaps remote—of obtaining a better result at trial”); *Class Plaintiffs v.*
19 *City of Seattle*, 955 F.2d 1268, 1276 (9th Cir. 1992) (the Ninth Circuit has a “strong judicial policy that
20 favors settlements, particularly where complex class action litigation is concerned”). The non-
21 reversionary \$9.9 million fund falls within the range of possible recoveries by the Settlement Class
22 Members, taking into account the theories of liability and damages.

23 **d. Equitable Treatment of Settlement Class Members. (F.R.C.P. 23(e)(2)(D)).**
24 The Court finds that the Settlement is fair, reasonable, and adequate, and provides equitable treatment
25 to all Settlement Class Members. The Settlement Payments are calculated based on Settlement Class
26 Members' trading activity and adjusted on a uniform *pro rata* basis.

27 8. The Court authorizes and directs implementation and performance of all the terms and
28 provisions of the Settlement Agreement.

1 9. The Releases set forth in Section 7 of the Settlement Agreement are expressly
2 incorporated herein in all respects. The Releases are effective as of the Effective Date.

3 10. Upon the Effective Date, the Releasing Parties shall be deemed to have, and by
4 operation of this Final Approval Order and Judgment shall have, fully, finally, and forever waived,
5 released, relinquished, and discharged all Released Claims against the Released Parties (including
6 Unknown Claims), and the Releasing Parties, and anyone claiming through or on behalf of any of them,
7 shall forever be barred and enjoined from commencing, instituting, prosecuting, or continuing to
8 prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, or
9 administrative forum, asserting any of the Released Claims against any of the Released Parties
10 (including Unknown Claims), whether or not such Person shares in the Net Settlement Fund. The
11 Releasing Parties and their successors, assigns, executors, administrators, representatives, attorneys
12 and agents in their capacity as such, are bound by this Order, including, without limitation, the release
13 of claims as set forth in the Settlement Agreement. The Released Claims are hereby compromised,
14 settled, released, discharged, and dismissed as against the Released Parties on the merits and with
15 prejudice by virtue of the proceedings herein and this Final Approval Order and Judgment. Claims to
16 enforce the terms of the Settlement Agreement are not released.

17 11. Upon the Effective Date, the Released Parties shall be deemed to have, and by operation
18 of the Final Approval Order and Judgment shall have, fully, finally, and forever waived, released,
19 relinquished, and discharged all Released Defendants' Claims against the Releasing Parties (including
20 Unknown Claims). Claims to enforce the terms of the Settlement Agreement are not released.

21 12. The Releasing Parties and their successors, assigns, executors, administrators,
22 representatives, attorneys and agents in their capacity as such, are bound by this Order, including,
23 without limitation, the release of claims as set forth in the Settlement Agreement.

24 13. The individuals identified in Exhibit 1 attached hereto and incorporated by this
25 reference, submitted timely and valid Requests for Exclusion, are not Settlement Class Members, are
26 not releasing any claims, and are not bound by the terms of the Settlement Agreement or this Order.
27 These individuals shall not share in the monetary benefits of the Settlement, and this Order does not
28 affect their legal rights to pursue any claims they may have against Defendants.

1 14. The response and reaction of the Settlement Class Members has been overwhelmingly
2 positive. Only fourteen (14) Settlement Class Members opted-out and only two objections were filed.
3 Neither objection is sustained.

4 15. The objection of Clem Bolton Holding Boney, Jr., ECF No. 189, does not warrant denial
5 of the Settlement, it is overruled for the reasons stated at the hearing.

6 16. The objection of Ruiwen Pen, (“Pen Objection”), ECF No. 194, is likewise overruled
7 for the reasons stated at the hearing.

8 17. Further, the Settlement Class does not include Plaintiffs Gwaltney, Kuri, Leith,
9 Mahrouyan, Russell, Ward, Xia, and Withouski and/or any Person who does not fall within the
10 Settlement Class certified by the Court for settlement purposes. Plaintiffs Gwaltney, Kuri, Leith,
11 Mahrouyan, Russell, Ward, Xia, and Withouski shall have the statutes of limitations on all claims that
12 were or could have been asserted in this Action and/or the *Withouski* Action tolled from May 26, 2022
13 until the Effective Date.

14 18. Defendants have denied, and continue to deny, any and all allegations and claims
15 asserted in the Action, and Defendants have represented that they entered into the Settlement because
16 it would be beneficial to avoid the burden, inconvenience, and expense associated with continuing the
17 Litigation and the uncertainty and risks inherent in any litigation. Neither this Final Approval Order
18 and Judgment, the Settlement Agreement, nor any of their respective terms and provisions, nor any of
19 the negotiations, discussions, or proceedings connected with them, nor any act performed or document
20 executed pursuant to or in furtherance of the Settlement Agreement or the Settlement, nor any of the
21 documents or statements referred to therein, nor any payment or consideration provided for therein,
22 shall be: (a) offered or received against or to the prejudice of any Defendant as evidence of or construed
23 as or deemed to be evidence of any presumption, concession, or admission by any Defendant of the
24 truth of any allegations by Plaintiffs or any Settlement Class Members or the validity of any claim that
25 has been or could have been asserted in the Action, or the deficiency of any defense that has been or
26 could have been asserted in the Action or in any other litigation, including, but not limited to, litigation
27 of the Released Claims, or of any liability, negligence, fault, or wrongdoing of any kind of any of the
28 Defendants or in any way referred to for any other reason as against any of the Defendants, in any civil,

1 criminal, or administrative action or proceeding; (b) offered or received against any Defendant as
2 evidence of a presumption, concession, or admission of any liability, negligence, fault, or wrongdoing,
3 or in any way referred to for any other reason as against any of the Parties, in any other civil, criminal,
4 or administrative action or proceeding; provided, however, that the Parties may refer to it to effectuate
5 the releases granted them hereunder; or (c) construed against Defendants, Class Representatives, or the
6 Settlement Class as evidence of a presumption, concession or admission that the consideration to be
7 given hereunder represents the amount which could be or would have been recovered after trial or in
8 any proceeding other than this Settlement.

9 19. The Released Parties may file the Settlement Agreement and/or this Final Approval
10 Order and Judgment in any action in order to support a defense, claim, or counterclaim based on
11 principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction,
12 or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13 20. The Court finds that Defendants' financial obligations under the Settlement Agreement
14 have been satisfied through the payment of \$9,900,000.00 to the Settlement Fund, in accordance with
15 the Settlement Agreement.

16 21. Any Plan of Allocation submitted by Class Counsel or any order entered regarding any
17 application for Fee and Expense Award and Service Awards shall in no way disturb or affect this Final
18 Approval Order and Judgment and shall be considered separate from this Final Approval Order and
19 Judgment. Separate orders shall be entered regarding approval of a Plan of Allocation, Fee and
20 Expense Award, and Service Awards. Any appeal or any challenge affecting the approval of the Plan
21 of Allocation, Fee and Expense Award, and Service Awards, shall in no way disturb or affect the
22 finality of the other provisions of this Order nor the Effective Date of the Settlement.

23 22. Without affecting the finality of this Order in any way, the Court reserves jurisdiction
24 over the subject matter and each Party to the Settlement Agreement with respect to the interpretation
25 and implementation of the Settlement Agreement for all purposes, including enforcement of any of the
26 terms thereof at the instance of any Party and resolution of any disputes that may arise relating to the
27 implementation of the Settlement or this Order. This Order applies to and is binding upon the Parties,
28 the Settlement Class Members, and their respective heirs, successors, and assigns.

1 23. In the event that the Effective Date does not occur in accordance with the terms of the
2 Settlement Agreement, then the Settlement Agreement, including any amendment(s) thereof, except
3 as expressly provided in the Settlement Agreement, and this Order shall be null and void, of no further
4 force or effect, and without prejudice to any Party, and may not be introduced as evidence or used in
5 any actions or proceedings by any person or entity against the Parties, and the Parties shall be deemed
6 to have reverted to their respective litigation positions as of May 26, 2022.

7 24. Defendants have provided notification to all appropriate federal and state officials
8 regarding the Settlement as required by 28 U.S.C. § 1715.

9 25. The Action, including all actions consolidated into the Action, and all Released Claims
10 are dismissed on the merits with prejudice.

11 26. There is no just reason for delay in the entry of judgment. Immediate entry by the Clerk
12 is expressly directed.

13
14 **IT IS SO ORDERED.**

15
16 Dated: _____, 2022

17 Hon. James Donato
United States District Judge

Exhibit 1



In re Robinhood Outage Litigation
Exclusion Report

Number	First Name	Last Name
1	David	Carney
2	John	Ezekiel
3	Angel	Delgado
4	Lawton	Campbell
5	Scott	Silva
6	Dallys-Tom	Medali
7	Mitchell	Galloway
8	Eric	Wilkison
9	Francisco Jose	Martorano
10	Earl	Herman
11	Christina	Phonsey
12	Jonathan	Yeung
13	Alex	Lizarde
14	Mark	Demsko