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11 *and [Proposed] Class Counsel for the [Proposed] Settlement Class*

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

14 DAVID STERRETT, Individually and on
15 Behalf of All Others Similarly Situated,

16 Plaintiff,

17 v.

18 SONIM TECHNOLOGIES, INC., ROBERT
PLASCHKE, JAMES WALKER, MAURICE
19 HOCHSCHILD, ALAN HOWE, KENNY
YOUNG, SUSAN G. SWENSON, JOHN
20 KNEUER, JEFFREY D. JOHNSON,
21 OPPENHEIMER & CO., INC., LAKE
STREET CAPITAL MARKETS, LLC, and
22 NATIONAL SECURITIES CORPORATION,

23 Defendants.
24
25
26
27
28

**DECLARATION OF KATHERINE M.
LENAHAN IN SUPPORT OF LEAD
PLAINTIFF'S MOTION FOR FINAL
APPROVAL OF THE CLASS
ACTION SETTLEMENT**

Case No. 3:19-cv-06416-MMC

CLASS ACTION

1 I, Katherine M. Lenahan, declare as follows:

2 1. I am a member in good standing of the bar of the State of New York and am
3 admitted *pro hac vice* to practice before the bar of the Northern District of California. I am a
4 partner in the law firm of Faruqi & Faruqi, LLP, which represents Lead Plaintiff David Sterrett
5 and the proposed Class in the above-captioned securities class action pending in this Court (the
6 “Action”).¹ I have been actively involved in the prosecution of this Action and have personal
7 knowledge of the matters set forth herein based upon my close supervision and participation in
8 the Action. If called upon, I could and would competently testify that the following facts are
9 true and correct.

10 **I. PRELIMINARY STATEMENT**

11 2. I respectfully submit this Declaration in support of Lead Plaintiff’s Motion for
12 Final Approval of the Class Action Settlement (“Final Approval Motion”), which is filed
13 concurrently herewith.

14 3. Lead Plaintiff, on behalf of himself and the putative Class, and defendants Sonim
15 Technologies, Inc. (“Sonim” or the “Company”), Robert Plaschke, James Walker, Maurice
16 Hochschild, Alan Howe, Kenny Young, Susan G. Swenson, John Kneuer, Jeffrey D. Johnson
17 (collectively, the “Sonim Defendants”), and underwriters Oppenheimer & Co., Inc., Lake Street
18 Capital Markets, LLC, National Securities Corporation (collectively, the “Underwriter
19 Defendants”) (collectively, with the Sonim Defendants, “Defendants”) have reached a proposed
20 settlement of this Action for \$2,000,000 in cash that, if approved, will resolve all claims in the
21 Action.

22 4. The terms of the Settlement are set forth in the Stipulation. The Court
23 preliminarily approved the Stipulation by its Order Preliminarily Approving Settlement and
24 Providing for Notice, dated November 6, 2020 (ECF No. 105) (“Preliminary Approval Order”).

25 5. This declaration sets forth the factual and procedural history of the Action, and it

26 ¹ Unless otherwise noted, the following conventions are used herein: (a) all emphases are
27 added; (b) all internal citations and quotations are omitted; (c) all capitalized terms have the
28 meaning ascribed to them in the Stipulation of Settlement dated September 10, 2020
 (“Stipulation”), ECF No. 75; and (d) all page references are to a document’s native pagination
 unless unavailable, in which case the ECF-stamped pagination is used.

1 demonstrates the reasons why the Settlement and the Plan of Allocation are fair, reasonable, and
2 adequate.

3 6. While Lead Counsel believes that the allegations in the Action have substantial
4 merit, Lead Counsel respectfully submits that the Settlement represents a favorable result for the
5 Class.

6 7. The Settlement is the result of extensive arm’s-length and contentious settlement
7 negotiations among experienced and capable counsel with a comprehensive understanding of
8 the merits and value of the claims asserted. With the assistance of an esteemed mediator,
9 counsel met for a mediation session to vigorously debate the strengths and weaknesses of the
10 claims and defenses in the Action. While the mediation session did not initially result in a
11 settlement, the parties continued to negotiate with the mediator’s assistance. As a result of these
12 continued discussions, which included the evaluation and acceptance of the mediator’s proposal
13 for the Settlement Amount, and an additional mediation/arbitration session to resolve a dispute
14 over a material term of the Settlement, the parties agreed to settle the Action. Lead Counsel’s
15 ability to come to a compromise in light of the many complex issues present in this Action
16 evidenced the skill of representation and the quality of the results.

17 8. Pursuant to the Preliminary Approval Order, beginning on December 4, 2020,
18 the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”) and Proof of
19 Claim and Release form (“Claim Form”) were mailed to 4,097 potential Class Members and
20 nominees, and were made available on the designated settlement website,
21 www.rg2claims.com/Sonim.html, along with the Stipulation and Preliminary Approval Order.
22 *See* Declaration of Tina Chiango Regarding: (A) Dissemination of Notice to the Class; (B)
23 Publication of the Summary Notice; and (C) Report on Requests for Exclusion and Objections
24 (“RG2 Decl.”) at ¶¶5-9, 12. The Summary Notice was timely published in *Investor’s Business*
25 *Daily* on December 14, 2020 and posted by *PR Newswire* that same day. *See id.* ¶11.

26 9. The Settlement provides an immediate and certain benefit to the Class
27 considering the significant risks that a smaller recovery—or, indeed, no recovery at all—might
28 be achieved after a trial and the likely appeals that would follow, which could prolong the

1 Action for years and incur significant additional expenses. For these reasons, and those set
2 forth more fully below, Lead Counsel respectfully submits that the Settlement is in the best
3 interests of the Class and should be approved as fair, reasonable, and adequate.

4 10. Lead Counsel also respectfully requests that the Court approve the Plan of
5 Allocation for the Settlement Proceeds.

6 **II. PROCEDURAL HISTORY²**

7 11. On October 7, 2019, plaintiff Ajay Malhotra filed the initial class action
8 complaint in the United States District Court for the Northern District of California. ECF No. 1.

9 12. Shortly before that complaint was filed, a securities class action was filed in
10 California state court against the same defendants on behalf of the same class of investors. *See*
11 *In re Sonim Techs., Inc. Sec. Litig.*, No. 19CIV05564 (Cal. Sup. Ct.) (“State Court Action”).

12 13. On December 6, 2019, several plaintiffs moved to be appointed as lead plaintiff
13 in accordance with the Private Securities Litigation Reform Act of 1995, 15 U.S.C. §77z-1, and
14 to have their selection of counsel appointed as lead counsel. *See* ECF Nos. 16, 20, 22, 30. On
15 January 22, 2020, the Court appointed Mr. Sterrett as Lead Plaintiff, and his counsel, the Faruqi
16 Firm, as Lead Counsel. ECF No. 52.

17 14. On February 24, 2020, Lead Plaintiff filed the Amended Class Action Complaint
18 (“AC”). ECF No. 55. When developing the claims in the AC, Lead Counsel conducted an
19 extensive investigation into the facts alleged in the Action, reviewing, *inter alia*, documents
20 filed publicly with the Securities and Exchange Commission (“SEC”); press releases; news
21 articles; financial information; analyst reports; and other public statements issued by or
22 concerning Sonim in, for example, conference call transcripts.

23 15. On April 1, 2020, the Sonim Defendants filed the Motion To Dismiss the
24 Amended Complaint (“Motion To Dismiss” or “MTD”), ECF No. 62, as well as the Request for
25 Incorporation By Reference and Judicial Notice (“Request for Judicial Notice” or “RJN”), ECF
26

27 ² Information about the Action’s procedural history and the Settlement found at ¶¶12-35
28 herein was previously set forth in the Declaration of Katherine M. Lenahan in support of Lead
Counsel’s Motion for Attorneys’ Fees, Expenses, and an Award for Lead Plaintiff, ECF No.
107-1, and is included in this declaration for ease of reference.

1 No. 62-1; and the Underwriter Defendants filed a joinder in the MTD, ECF No. 63. Defendants
2 argued, *inter alia*, that the AC failed to adequately plead facts showing that the challenged
3 statements were false when made, that the Registration Statement disclosed the risks that the
4 AC alleges were hidden, and that the challenged statements constitute inactionable opinion and
5 puffery. *See generally* MTD.

6 16. On May 1, 2020, Lead Plaintiff filed his opposition to the MTD, ECF No. 65, as
7 well as a Motion To Strike Defendants' Extrinsic Exhibits And Related Arguments Submitted
8 With Defendants' Motion To Dismiss ("Motion To Strike"), ECF No. 64. The Court converted
9 the Motion To Strike to an opposition to Defendants' RJN. ECF No. 66.

10 17. On June 1, 2020, the Sonim Defendants filed their Reply in Support of the MTD,
11 ECF No. 69, as well as their Reply in Support of the Request for Judicial Notice, ECF No. 70.

12 **III. THE SETTLEMENT**

13 **A. Settlement Negotiations**

14 18. From the outset, Lead Counsel has tirelessly navigated the complicated issues
15 present in this Action. Prior to engaging in settlement negotiations, Lead Counsel spent
16 considerable time evaluating the facts and arguments available in this Action through the
17 following: (1) conducting an extensive investigation into the facts alleged in the Action,
18 including reviewing press releases, SEC filings, conference call transcripts, analyst reports, and
19 news articles; (2) researching and drafting the detailed AC; (3) conducting complex legal
20 research for and drafting briefing related to Defendants' Motion To Dismiss and Request for
21 Judicial Notice; and (4) consulting with a damages expert.

22 19. With the benefit of this investigation and comprehensive analysis of the factual
23 and legal issues in this Action, all Settling Parties entered settlement negotiations well-informed
24 of the strengths and weaknesses of the claims and defenses asserted in this Action.

25 20. On June 24, 2020, the parties met for a mediation session before the Hon.
26 Elizabeth Laporte (Ret.), a well-respected mediator who served as a United States Magistrate
27 Judge in this District for more than two decades. *See* Stipulation at 2.

28

1 21. Prior to the mediation session, Sonim provided Lead Plaintiff a core document
2 production of 3,484 pages of materials and made its Chief Financial Officer (“CFO”) available
3 to Lead Counsel pursuant to the mediation confidentiality agreement. The mediation session
4 was also preceded by submission of mediation statements and exhibits.

5 22. No settlement was reached during the June 24th mediation session.
6 Subsequently, Judge Laporte presented a mediator’s proposal for the monetary terms for a
7 settlement of this Action.

8 23. Before Lead Plaintiff decided on the mediator’s proposal, Lead Counsel
9 requested additional documents from the Underwriter Defendants to better determine the
10 strengths and weaknesses of the Action. After reviewing these documents and further
11 contemplating the issues, Lead Plaintiff accepted the mediator’s proposal.

12 24. After the parties agreed to the mediator’s proposal for the Settlement Amount,
13 the parties thereafter engaged in further negotiations regarding the complete terms of the
14 Settlement. During these further negotiations, a dispute arose among the parties regarding the
15 confidential Supplemental Agreement, which sets forth certain conditions under which Sonim
16 shall have the sole option to terminate the settlement and render the Stipulation null and void in
17 the event that requests for exclusion from the settlement Class exceed certain criteria (the
18 “Termination Threshold”). *See* Stipulation ¶7.3.³ This necessitated additional written
19 submissions by the parties, and an additional mediation/arbitration session with Judge Laporte,
20 who ultimately decided the Termination Threshold through final binding non-appealable
21 arbitration. It then took over a month of robust negotiations for the parties to come to a final
22 agreement on the full terms of the settlement.

23 **B. Reasons for the Settlement and Risks of Litigation**

24 25. Although Lead Plaintiff and Lead Counsel strongly believe that the claims
25 asserted in this Action are meritorious and that the evidence developed to date supports them,
26 they recognize and acknowledge the substantial expense and duration of continued proceedings
27

28 ³ At the Court’s request, the confidential Supplemental Agreement was filed under seal
for the Court’s review on November 4, 2020. ECF Nos. 100, 104.

1 that would be necessary to prosecute the Action. Lead Plaintiff and Lead Counsel are also
2 mindful of the inherent difficulty of proving claims under the federal securities laws and the
3 possible defenses to the claims asserted in this Action, such as Defendants' potential negative
4 causation defense (*see* 15 U.S.C. §77k(e)) and the Underwriter Defendants' potential due
5 diligence defense (*see* 15 U.S.C. §77k(b)(3)), as well as the uncertainties presented by complex
6 litigation.

7 26. While Lead Plaintiff believes that his claims would have survived Defendants'
8 Motion To Dismiss, he acknowledges that this result was far from guaranteed. Even if the
9 Action survived the Motion To Dismiss, the fact discovery process would likely be time-
10 consuming and expensive. For example, the AC alleges, *inter alia*, that the Registration
11 Statement's discussion of Sonim's phones' capabilities and the risks facing investors were false
12 and/or misleading for failing to disclose that Sonim conducted inadequate testing of certain of
13 its phones. *See, e.g.*, AC ¶¶40, 60-61, 66, 68. According to Defendants, such testing involves
14 third parties such as Sonim's wireless carrier channel partners (*e.g.*, AT&T, Sprint, and
15 Verizon). *See* ECF No. 62 (MTD) at 19. Thus, the fact discovery process would require,
16 among other things, numerous document subpoenas to third parties, which are notoriously
17 difficult to enforce; the retention of expert witnesses regarding highly technical issues about the
18 functioning of cellular phones and the proper testing of such devices; discovery motion practice;
19 production and review of thousands of pages of documents; and taking numerous depositions.

20 27. Even if Lead Plaintiff were able to obtain the necessary evidence through
21 discovery, the road to trial would involve numerous motions, including summary judgment, and
22 require the preparation of expert reports and debate over witnesses, all of which would be time
23 consuming and would monopolize valuable court resources.

24 28. Assuming that Lead Plaintiff filed a successful class certification motion, the
25 claims in the Action survived Defendants' motion for summary judgment, and the case
26 proceeded to trial, Lead Plaintiff still might not recover anything for the Class. Defendants
27 have denied, and continue to deny, Lead Plaintiff's allegations, and would undoubtedly
28 continue to vigorously oppose the Action and mount strong defenses were the Action to

1 continue. There is a significant risk that the jury might be swayed by Defendants' theory of the
2 case at trial, leaving the Class with very little recovery, or no recovery at all. Even if Lead
3 Plaintiff were to prevail at trial, Defendants might have appealed the decision. The appeals
4 process can go on for months or even years, significantly prolonging the Action and
5 jeopardizing any recovery awarded to the Class at trial should Defendants be victorious.

6 29. In addition to the risks to recovery posed by a trial in this Action, the trial
7 process is lengthy, complicated and would be taxing on the Court and the attorneys involved.

8 30. As well, further litigation of the Action would be costly, and would have
9 significantly depleted the funds available for the Settlement. Based upon Sonim's public filings
10 with the SEC, as well as a call with Sonim's current CFO, it is Lead Counsel's and Lead
11 Plaintiff's understanding that the Company's ability to fund a settlement in this Action is
12 limited, and that continued litigation would further erode the assets available to fund a judgment
13 or a settlement made at a later date. For example, Sonim is required to indemnify the officers,
14 directors, and underwriters named in this Action, *see* Sonim Form 424B4 at 26 (filed with the
15 SEC on June 8, 2020), and the Company has a large self-insured retention on its relevant
16 insurance that would require Sonim to spend a substantial sum on litigation before insurance
17 would begin covering any litigation costs.

18 31. Sonim's ability to pay more is further limited because, as the Company warned
19 on June 8, 2020, it has not been profitable in recent years and may not achieve or maintain
20 profitability in the future. *See* Sonim Form 424B4 at 5 (filed with the SEC on June 8, 2020). It
21 also warned at that time that "substantial doubt exists as to [Sonim's] ability to continue as a
22 going concern," because, *inter alia*, the Company has "incurred significant net losses since
23 2013[,]" expects that its costs for research and development will increase, and its principal
24 sources of liquidity as of March 31, 2020 consist of existing cash and cash equivalents of \$12.4
25 million. *See id.* at 5, 12.

26 32. Although the Company recently raised funds through a public offering in June, it
27 is Lead Plaintiff's and Lead Counsel's understanding that the proceeds were used to pay a
28 portion of Sonim's outstanding debt, and the remaining proceeds are needed to cover, *inter alia*,

1 the high research and development costs the Company expects to incur to develop and rollout
2 devices that can operate on state-of-the-art 5G wireless networks—devices which are necessary
3 for Sonim to survive in the highly competitive cellular device market. *See id.* at 4, 19. Sonim
4 warned investors once again in August 2020 that “substantial doubt exists as to our ability to
5 continue as a going concern,” citing, *inter alia*, its current revenue run-rate, the fact that it
6 expects costs to increase in future periods, and that just \$4.6 million was provided by Sonim’s
7 operating activities during the six months ended June 30, 2020. *See* Sonim Form 10-Q at 27, 30
8 (filed with the SEC on Aug. 12, 2020).

9 33. While recovery from the Individual Defendants and Underwriter Defendants is
10 possible, to date neither group of defendants has indicated any willingness to fund a settlement.
11 Sonim is obligated to indemnify them and it is Lead Counsel’s understanding that Sonim has
12 been funding all the litigation costs for all Defendants. While Lead Plaintiff’s claims are strict
13 liability as to the Company, the Individual Defendants and Underwriter Defendants have
14 defenses available that the Company does not. For example, Lead Counsel anticipates that the
15 Underwriter Defendants would assert a due diligence defense should the litigation continue.
16 Underwriter Defendants’ counsel affirmed that they would do so during the Preliminary
17 Approval Hearing. *See* Preliminary Approval Motion Hearing Tr. at 14:22 – 15:13 (“[W]e feel
18 very strongly about that defense. We would also bring at least in one expert on that defense. It
19 is something that the underwriters would stand behind and would pursue if this case goes
20 forward.”). Lead Counsel believes that Lead Plaintiff would have to prove his case on the
21 merits and overcome this and any other defenses the Underwriter Defendants and Individual
22 Defendants may assert before either group would be willing to contribute any money towards a
23 settlement. Meanwhile, Sonim would continue to foot the bill for their defense costs, further
24 depleting the funds that could have gone towards a settlement, and further increasing the risk of
25 Sonim’s insolvency.

26 34. Additionally, the coronavirus pandemic, which caused a global economic crisis
27 and continues to sow economic uncertainty, makes continued litigation especially risky. Sonim
28 is not immune to the pandemic’s effects—it was forced to close its manufacturing facility in

1 Shenzhen for most of February 2020 and has warned that “demand for our solutions may be
 2 reduced as a result of the COVID-19 outbreak and resulting market uncertainty.” Sonim Form
 3 10-Q at 29-30 (filed with the SEC on Aug. 12, 2020). Many municipalities, a key customer
 4 demographic for Sonim, are facing steep budget cuts due to the COVID-19 pandemic. *See AC*
 5 ¶33 (Sonim markets its phones to “task workers,” including those working for “public sector
 6 agencies”); Kim Hart, *The pandemic is hitting city budgets harder than the Great Recession*,
 7 Axios.com (Aug. 13, 2020).⁴ There is no guarantee that these customers will purchase Sonim’s
 8 products, or in sufficient quantities, to allow the Company to continue to fund the litigation.
 9 Indeed, Sonim’s stock traded below \$1 for much of 2020, and it closed at just \$0.88 on
 10 September 10, 2020, the date the Settlement was entered into. *See* SONM, Yahoo! Finance,
 11 <https://finance.yahoo.com/quote/SONM>.

12 35. In contrast to the foregoing, the Settlement represents an immediate and certain
 13 benefit for the Class. Lead Counsel, having evaluated the substantial risk, time, and expense
 14 required to prosecute this Action through trial and appeals, strongly believes that the Settlement
 15 is a favorable result for the Class under the circumstances.

16 **C. The Settlement Terms**

17 36. The Settlement, which the Court preliminarily approved, provides for the gross
 18 payment of \$2,000,000 to secure a settlement of the claims asserted in the Action against
 19 Defendants. If approved, the Settlement will finally resolve Lead Plaintiff’s allegations against
 20 Defendants and release all Released Claims against them in the Action.

21 37. Defendants have denied liability and any wrongdoing as part of the Settlement,
 22 and they vigorously maintain that they are not liable to the Class.

23 38. All eligible Class Members who timely submit valid Claim Forms will receive a
 24 distribution from the Net Settlement Fund, which is the Settlement Fund minus administration
 25 expenses, Lead Counsel’s fees and expenses, an award to Lead Plaintiff, and any Taxes and Tax
 26
 27

28 ⁴ *See* <https://www.axios.com/the-pandemic-is-hitting-city-budgets-harder-than-the-greatrecession-0156574a-c5f9-454d-b579-1292595abdca.html>

1 Expenses. The Court will be asked to approve the distribution of the Net Settlement Fund at a
2 future date, once the administration is completed.

3 39. The Settlement provides an immediate and substantial recovery to the Class, who
4 faced a significant risk of a much smaller recovery or no recovery at all. Given the complexities
5 of the issues involved in the Action, Lead Plaintiff's entitlement to recovery would be
6 correspondingly uncertain. Moreover, there is still a considerable dispute between the Settling
7 Parties over whether Defendants violated the securities laws at all. This dispute could have
8 resulted in further proceedings before the Court and would have required the expenditure of
9 substantial additional judicial resources, time, and expenses. Given these and other difficulties
10 facing the Class at this point in the litigation, the Settlement provides a favorable guaranteed
11 recovery.

12 40. Based on this declaration and for the reasons set forth in the accompanying
13 memorandum, Lead Plaintiff respectfully submits that the terms of the Settlement and the Plan
14 of Allocation are fair, reasonable, and adequate.

15
16 **IV. THE COURT'S PRELIMINARY APPROVAL ORDER AND LEAD
PLAINTIFF'S DISSEMINATION OF NOTICE**

17 **A. Preliminary Approval Motion**

18 41. On September 11, 2020, Lead Plaintiff filed the Preliminary Approval Motion,
19 seeking preliminary approval of the Settlement, preliminary certification of the Class, approval
20 of the manner and content of the proposed notice, and scheduling of the Final Approval
21 Hearing. ECF Nos. 75-77.

22 42. On October 7, 2020, the plaintiffs in the State Court Action filed a Motion To
23 Intervene and Object, through which they sought to intervene to object to the proposed
24 Settlement and stay the Action in favor of the State Court Action. ECF No. 82.

25 43. Lead Plaintiff vigorously opposed their motion, ECF No. 91, and the Court
26 denied it, ECF No. 95.⁵ The Court explained that the State Court Action plaintiffs failed to

27
28 ⁵ As Lead Plaintiff pointed out in his opposition to the State Court Action plaintiffs' motion, the State Court Action was tentatively dismissed on October 14, 2020, when the State Court tentatively granted Defendants' motion to dismiss on *forum non conveniens* grounds. *See*

1 establish that intervention was appropriate because, assuming the Preliminary Approval Order
2 was granted, they could exclude themselves from the settlement or object to the proposed
3 settlement “in accordance with the notice sent to the settlement class.” *See* ECF No. 95 at 2-3.

4 44. On October 30, 2020, the Court held a hearing on the Preliminary Approval
5 Motion and ordered that revisions be made to certain of the notice documents. *See* ECF Nos.
6 99, 101.

7 **B. Preliminary Approval Order**

8 45. After the notices were revised, on November 6, 2020 the Court issued the
9 Preliminary Approval Order, which:

- 10 (a) Granted preliminary approval of the Stipulation and the Settlement set forth
11 therein, subject to further consideration at the Final Approval Hearing;
- 12 (b) Scheduled a Final Approval Hearing for March 5, 2021 at 9:00 a.m. to
13 determine whether (1) the proposed Settlement on the terms and conditions
14 provided for in the Stipulation is fair, reasonable, and adequate and should be
15 approved; (2) the proposed Final Judgment as provided in the Stipulation
16 should be entered; (3) the proposed Plan of Allocation for the proceeds of the
17 Settlement is fair, reasonable, and adequate and should be approved; and (4)
18 Lead Counsel’s application for attorneys’ fees, reimbursement of expenses,
19 and an award for Lead Plaintiff pursuant to 15 U.S.C. § 77z-1(a)(4) should be
20 granted;
- 21 (c) Appointed RG/2 Claims Administration LLC (“RG2” or “Claims
22 Administrator”) to supervise and administer the notice program as well as the
23 processing of the claims;
- 24 (d) Approved the form and content of the Notice, Summary Notice, and Claim
25 Form, and approved the plan for mailing, distribution, and/or publication of
26 these documents;

27 _____
28 ECF No. 91 at 4. The State Court has since entered the dismissal order. *See* State Court Action
Docket, Notice of Entry of Order Granting Defendants’ Motion To Dismiss dated Dec. 4, 2020
(filed on Dec. 8, 2020).

- 1 (e) Directed RG2 to cause a copy of the Notice and Claim Form to be mailed by
2 first class mail to the list of record holders of Sonim common stock provided
3 by the Company no later than December 4, 2020;
- 4 (f) Directed RG2 to cause copies of the Stipulation and its exhibits, the
5 Preliminary Approval Order, the Notice, and the Claim Form, to be posted on
6 the Settlement's website, www.rg2claims.com/Sonim.html, no later than
7 December 4, 2020;
- 8 (g) Directed RG2 to cause the Summary Notice to be posted by *PR Newswire*
9 and published in *Investor's Business Daily* no later than December 18, 2020;
- 10 (h) Directed Lead Counsel to serve on Defendants' Counsel and file with the
11 Court proof of such mailing and publication no later than February 17, 2021;
- 12 (i) Established procedures and deadlines for Class Members to object to the
13 Settlement, Plan of Allocation, or award of attorneys' fees, expenses, or Lead
14 Plaintiff's award, and to appear at the Final Approval Hearing; and
- 15 (j) Established procedures and deadlines for Class Members to submit Claim
16 Forms or seek exclusion.

17 **C. Notice**

18 46. Pursuant to the Preliminary Approval Order, on February 17, 2021, Lead
19 Counsel served on Defendants' Counsel and filed with the Court the RG2 Declaration, by filing
20 it concurrently herewith. The RG2 Declaration sets forth the efforts undertaken by RG2 to mail
21 the Notice and Claim Form to Class Members, to publish the Summary Notice, and to establish
22 the Action's website, among other things.

23 47. As detailed in the RG2 Declaration, beginning on December 4, 2020, RG2
24 mailed or caused to be mailed a total of 4,097 Notices and Claim Forms to potential Class
25 Members and nominees. *See* RG2 Decl. ¶¶5-9. The Summary Notice was published in
26 *Investor's Business Daily* and posted by *PR Newswire* on December 14, 2020. *Id.* at ¶11.

27 48. Additionally, RG2 established a telephone helpline to accommodate potential
28 Class Members who have questions about the Settlement. *See id.* at ¶12.

1 49. RG2 also set up the website, www.rg2claims.com/Sonim.html, to provide
2 information about the proposed Settlement to Class Members and others. *See id.* The website
3 makes available for viewing and downloading important documents, including the Notice,
4 Claim Form, and the Stipulation and its exhibits. *See id.* The website also lists the exclusion,
5 objection, and claim deadlines as well as the date and time of the Final Approval Hearing.

6 50. As required by Rule 23 of the Federal Rules of Civil Procedure, due process, and
7 the PSLRA, the Notice (a) described the nature of the claims asserted in the Action; (b)
8 included a definition of the Settlement Class; (c) summarized the Settling Parties' reasons for
9 entering into the Settlement; (d) listed the name, telephone number, and address for Lead
10 Counsel; (e) disclosed that Lead Counsel intends to seek attorneys' fees of up to 25% of the
11 Settlement Fund, plus reimbursement of expenses not to exceed \$50,000, and an award for Lead
12 Plaintiff not to exceed \$2,500; (f) provided the date, time, and location of the Final Approval
13 Hearing; (g) advised Settlement Class Members of their right to appear at the Final Approval
14 Hearing and instructed them that the date may change; (h) advised Class Members of their right
15 to exclude themselves from the Class and the binding effect of doing so; (i) provided the
16 deadline and procedure for opting out of our opposing the Settlement, Plan of Allocation, award
17 of attorneys' fees and expenses, or the award to Lead Plaintiff; (j) explained the consequences
18 of remaining in the Settlement Class; (k) provided the manner in which to obtain more
19 information, including the address for the designated website; and (l) explained how to access
20 the case docket on PACER. *See* RG2 Decl., Ex. A.

21 **D. Reaction of the Class**

22 51. The Notice provides that objections to the Settlement, Plan of Allocation, the
23 application for attorneys' fees and payment of expenses, and/or an award for Lead Plaintiff
24 must be received by the Court no later than February 3, 2021. *See* RG2 Decl., Ex. A at 2.

25 52. Although 4,097 Notices have been mailed to potential Class Members and
26 nominees, no requests for exclusion from the class or objections to the Settlement, Plan of
27 Allocation, the application for attorneys' fees and payment of expenses, and/or an award for
28 Lead Plaintiff have been received. The State Court Action plaintiffs who previously sought to

1 intervene and object before preliminary approval was granted, *see* ¶¶42-43, *supra*, did not
2 subsequently file an objection pursuant to the Notice and therefore presumably no longer object
3 to the Settlement.

4 **E. Plan of Allocation**

5 53. Pursuant to the Preliminary Approval Order, and as explained in the Notice, all
6 Class Members who wished to participate in the Settlement were required to submit a Claim
7 Form to RG2 so that it was postmarked or submitted electronically no later than February 3,
8 2021. *See* RG2 Decl., Ex. A at 2, 6-7.

9 54. As set forth in the Notice, all Class Members who timely filed a valid Claim
10 Form and whose *pro rata* share of the Net Settlement Fund amounts to \$10.00 or more will
11 receive a distribution of the Settlement proceeds, after deduction of, *inter alia*, attorneys' fees
12 and expenses, an award to Lead Plaintiff, and taxes incurred on the Settlement Fund. *See* RG2
13 Decl., Ex. A at 12-16. The distribution will be made in accordance with the Plan of Allocation
14 set forth and described in detail in the Notice. *See id.*

15 55. The objective of the Plan of Allocation is to equitably distribute the Net
16 Settlement Fund among Authorized Claimants based upon their claimed losses as a result of the
17 alleged false and/or misleading statements alleged in the AC as opposed to losses caused by
18 unrelated market or industry factors.

19 56. Under the Plan of Allocation, the Claims Administrator will calculate each
20 Authorized Claimant's Recognized Loss, as explained in the Notice. *See* RG2 Decl., Ex. A at
21 13. The calculation of a Recognized Loss will depend upon several factors, including when and
22 for how much Class Members purchased or otherwise acquired their Sonim common stock, and
23 whether these securities were sold, and if sold, when and for how much they were sold. *See id.*
24 In order to have a Recognized Loss under the Plan of Allocation, Authorized Claimants must
25 have purchased or otherwise acquired their Sonim common stock between May 9, 2019 (the
26 IPO date) and September 9, 2019, inclusive, and still held that stock on September 10, 2019, the
27 date of the corrective disclosure set forth in the AC. *See id.* at 13-14. The Claims
28 Administrator will use the Recognized Loss formula to determine each Authorized Claimant's

1 *pro rata* share to proportionately allocate the Net Settlement Fund to the Authorized Claimants.

2 *See id.*

3 57. The Plan of Allocation was formulated with the assistance of Lead Plaintiff's
4 damages consultant, and it tracks the theory of damages alleged in the AC. It was also reviewed
5 and approved by RG2, a claims administrator with substantial experience in claims
6 administration.

7 58. The terms of the Plan of Allocation were fully disclosed in the Notice which was
8 mailed to 4,097 potential Class Members and nominees and made available on the Action's
9 designated website beginning on December 4, 2020. *See* RG2 Decl. ¶¶5-9, 12. There have
10 been no objections to the Plan of Allocation. Thus, Lead Plaintiff respectfully submits that it is
11 fair, reasonable, and adequate and should be approved by the Court.

12 **V. CONCLUSION**

13 59. Lead Counsel respectfully submits that the Settlement should be granted final
14 approval as fair, reasonable, and adequate, and that the Plan of Allocation should be approved
15 as fair, reasonable, and adequate.

16 I declare under penalty of perjury that the foregoing is true and correct to the best of my
17 knowledge.

18 Executed this 17th day of February 2021.

19
20 /s/ Katherine M. Lenahan
21 Katherine M. Lenahan