**UNITED STATES DISTRICT COURT**
**WESTERN DISTRICT OF OKLAHOMA**

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| In re SANDRIDGE ENERGY, INC. SECURITIES LITIGATION<br><br>This Document Relates To:<br><br>ALL ACTIONS. | No. 5:12-cv-01341-G<br><br>CLASS ACTION<br><br>DECLARATION OF EVAN J. KAUFMAN IN SUPPORT OF PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT AND APPROVAL OF PLAN OF ALLOCATION AND LEAD COUNSEL'S APPLICATION FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND AWARDS TO PLAINTIFFS PURSUANT TO 15 U.S.C. §78u-4(a)(4) |

EVAN J. KAUFMAN, declares as follows:

1. I, Evan J. Kaufman, am a member of the New York Bar admitted to practice before this Court and a member of the law firm of Robbins Geller Rudman & Dowd LLP ("Robbins Geller"), class counsel for Plaintiffs ("Lead Counsel") in the above-captioned consolidated action (the "Action").[1] I respectfully submit this Declaration in support of Plaintiffs' Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation, and Lead Counsel's Application for an Award of Attorneys' Fees and Expenses and Awards to Plaintiffs Pursuant to 15 U.S.C. §78u-4(a)(4). I have personal knowledge of the matters set forth herein based on my active participation in all material aspects of the prosecution and settlement of the Action. If called upon, I could and would competently testify that the following facts are true and correct.

2. The plaintiffs in the Action are Laborers Pension Trust Fund for Northern Nevada ("Northern Nevada"), Construction Laborers Pension Trust of Greater St. Louis ("Greater St. Louis"), and Angelica Galkin (collectively, "Plaintiffs" or "Class Representatives"). The defendants are Tom L. Ward ("Ward"), James D. Bennett ("Bennett"), and Matthew K. Grubb ("Grubb") (collectively the "Individual Defendants" or "Settling Defendants").[2]

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[1] Capitalized terms not otherwise defined herein have the same meaning ascribed to them in the Third Amended Complaint (the "TAC") (ECF 225), and "¶__" refers to paragraphs in the TAC. Unless otherwise noted, internal citations are omitted and emphases added.

[2] Plaintiffs also brought claims against nominal defendant SandRidge Energy, Inc. ("SandRidge"), who is not a Settling Defendant. The Individual Defendants, together with SandRidge, are referred to herein as "Defendants."

3. Plaintiffs allege claims against Defendants on behalf of a Class defined as all persons or entities who purchased or otherwise acquired SandRidge common stock during the period from February 24, 2011 through November 8, 2012, inclusive (the "Class Period"). Plaintiffs have entered into a settlement on behalf of themselves and the other Members of the Class with the Settling Defendants, which provides a recovery of $21,807,500.00 in cash to resolve this securities class action against the Settling Defendants (the "Settlement"). The Settlement is described in a settlement agreement entered into by all parties dated November 12, 2021 (the "Stipulation"), and previously filed with the Court. ECF 564-1.

4. This Declaration sets forth the nature of the claims asserted, the principal proceedings in the Action, the legal services provided by Lead Counsel, and the settlement negotiations between the parties. It also demonstrates why the Settlement and Plan of Allocation are fair, reasonable, adequate and in the best interests of the Class, and why the application for attorneys' fees and expenses are reasonable and should be approved by this Court.

5. As detailed throughout this Declaration, Plaintiffs faced aggressive resistance by experienced defense counsel from the start, who presented obstacles at nearly every stage of the Action. To that end, defense counsel remained steadfast in expressing their belief that Plaintiffs could not prevail on the claims asserted based on the facts alleged. As explained below and in the accompanying memorandum of law, this Settlement takes into consideration the significant risks specific to the Action. The Settlement is the result of nearly 10 years of hard-fought litigation, including several arm's-length negotiations

between the parties facilitated by the Honorable Layn R. Phillips, a former federal judge from the Western District of Oklahoma and a nationally-recognized mediator of complex cases and class actions. These negotiations were conducted by highly experienced counsel with an understanding of the strengths and weaknesses of the claims and defenses, and the Settlement was reached after each side had an opportunity to reflect on the negotiations at the mediations, consider Judge Phillips' input, and deliberate further.

6. Plaintiffs believe this Settlement provides a substantial recovery to the Class given the nature of the allegations and the size of investors' estimated losses.

**PRELIMINARY STATEMENT**

7. Plaintiffs thoroughly investigated and vigorously litigated the claims asserted in the Action arising under the Securities Exchange Act of 1934 (the "Exchange Act"). Plaintiffs performed a substantial factual investigation at the pleading stage to gain a detailed understanding of how SandRidge, a leading oil and gas exploration company, and its most senior executives were liable for falsely representing that the production, reserves, and economics of the Company's core holdings in Oklahoma and Kansas referred to as the Mississippian play (the "Mississippian") were more favorable than they were. In this regard, Plaintiffs thoroughly analyzed a wide range of evidentiary materials and retained the services of an independent petroleum engineering firm to assist in evaluating SandRidge's Mississippian oil and natural gas holdings. Plaintiffs also spoke with former SandRidge employees to get a better understanding of the facts behind the alleged fraud, including Defendants' knowledge at the time of their statements. Further, Plaintiffs reviewed and analyzed publicly available information regarding SandRidge, including, but not limited to,

relevant U.S. Securities and Exchange Commission ("SEC") filings, financial reports and press releases, as well as media and analysts' reports about the Company.

8. Plaintiffs filed three amended complaints, continually refining the allegations and adding information that came to light as part of their ongoing investigation and analysis. Defendants filed two rounds of motions to dismiss, and another motion to dismiss by SandRidge after discovery, which Plaintiffs opposed. In March 2015, while Defendants' motion to dismiss the first amended complaint was pending, the parties agreed to participate in a mediation before Judge Phillips in California. Despite a good faith effort to reach a resolution, the parties were unable to agree on a settlement. In February 2018, after filing two more amended complaints, fully briefing multiple motions to dismiss, and Court Orders denying in part and granting in part those motions to dismiss, Plaintiffs agreed to participate in a second mediation with Judge Phillips in New York. Again, despite the good faith efforts of the parties, a resolution was not reached.

9. Subsequently, the parties engaged in extensive fact, expert and class discovery, including Plaintiffs' review of nearly 4 million pages of documents and taking or defending a total of 34 depositions, most of which required travel to Oklahoma City and other cities around the country. In December 2019, after the Court certified the Class and the completion of fact and expert discovery, the parties held a third mediation before Judge Phillips in California but once again were unable to settle. The parties then engaged in massive motion practice, filing over *ten thousand pages'* worth of briefing and exhibits for two summary judgment motions, two motions to exclude Plaintiffs' expert witnesses, one motion to reconsider the denial of Defendants' motion to dismiss the TAC and Plaintiffs'

motion to exclude one of Defendants' expert witnesses. All the briefing, except for opening papers, were prepared after the start of the Covid-19 Pandemic, adding complexities not typically faced during litigation. Eventually, through the continued efforts of the parties and Judge Phillips, an agreement in principle to settle the Action and the coordinated *Lanier* action[3] on a global basis for $35,750,000 was agreed upon. Thereafter, Lead Counsel and counsel in the *Lanier* action appeared before Judge Phillips for an arbitration to determine the allocation of Settlement proceeds between this Action and the *Lanier* action. Judge Philips determined that this Action was entitled to $21,807,500.00 of the global settlement proceeds.

10. Plaintiffs negotiated and then entered into a term sheet with Ward on June 4, 2021, and reached an agreement in principle to settle the Action with Bennett and Grubb on June 18, 2021. *See* ECF 564 at 6. The Parties subsequently negotiated and then entered into the Stipulation, which was filed with the Court on November 12, 2021. ECF 564-1. During the course of negotiations, Lead Counsel made it clear that, while it was prepared to assess the strengths and weaknesses of its case fairly, it would continue to litigate rather than settle for less than fair value. Lead Counsel persisted in its negotiations until it achieved a settlement it thought was in the best interests of the Class.

11. The proposed $21,807,500.00 Settlement, derived from the substantial efforts of Lead Counsel, is a notable achievement under the circumstances of the Action. Even though Plaintiffs believe they would have defeated Defendants' motions for summary

[3] *Duane & Virginia Lanier Trust v. SandRidge Mississippian Trust I*, No. 5:15-cv-634-G (W.D. Okla.) (the "*Lanier* action").

judgment, and that the allegations in the TAC would have been proven at trial, they also recognize they faced a difficult road in prevailing on the merits. This case presents substantial hurdles, not only because Defendants deny their liability altogether, but also because of the inherent uncertainties and complexities associated with presenting a case against an oil and gas company before a jury in Oklahoma. Thus, the Settlement is eminently fair, reasonable, and adequate based on the impediments to recovery, the legal hurdles and risks involved in proving liability and damages, as well as the further risk, delay, and expense had this case continued through summary judgment decisions and trial.

12. The Settlement was negotiated by experienced counsel with a firm understanding of the strengths and weaknesses of its clients' respective claims and defenses. The Settlement confers substantial and immediate benefits to the Class, while eliminating the risk that the Class would receive nothing. Furthermore, even if Plaintiffs had prevailed at summary judgment, and then at trial, any recovery could still be years away, as Defendants would likely have appealed. In fact, a prolonged litigation would have reduced and likely eliminated available insurance and potentially other sources for the resolution of the Action. Thus, Lead Counsel respectfully submits that, under these circumstances, the Settlement is in the best interest of the Class and should be approved as fair, reasonable, and adequate.

13. Lead Counsel also respectfully submits that the Court should approve the Plan of Allocation and award attorneys' fees in the amount of one-third of the Settlement Amount, plus expenses and charges in the amount of $2,399,866.02, which have been incurred by counsel, plus interest thereon, as a result of the considerable efforts in creating this substantial benefit on behalf of the Class, and as recognition for the risks faced and

overcome. Additionally, Lead Counsel requests that the Court award Plaintiffs in the aggregate amount of $18,133.85 pursuant to 15 U.S.C. §78u-4(a)(4) based on their involvement in the Action.

14. The Class appears to approve the Settlement overwhelmingly. Pursuant to the Court's Preliminary Approval Order, dated May 27, 2022 (ECF 568), more than 1,400 copies of the Notice of Pendency and Proposed Settlement of Class Action (the "Notice") were mailed to potential Class Members and nominees.[4] Mahan Decl., ¶¶3-7. Additionally, a Summary Notice was published in *The Wall Street Journal* and transmitted over *PR Newswire* on June 3, 2022 (the "Summary Notice"). *Id.*, ¶10. The Notice apprised Class Members of their right to object to the Settlement, the Plan of Allocation and/or to Lead Counsel's application for an award of attorneys' fees and expenses. While the time to file objections (September 22, 2022) has not yet expired, to date, there have been no objections to the Settlement, the Plan of Allocation or Lead Counsel's request for an award of attorneys' fees and expenses. Similarly, there have been no objections to the requested Plaintiff awards.

15. Lead Counsel has zealously and aggressively litigated this case for nearly ten years on a wholly contingent basis. The fee application for one-third of the total recovery is fair, reasonable and adequate, and warrants Court approval. This fee request is well within the range of fees typically awarded in actions of this type, was approved by Plaintiffs, and is

[4] *See* the accompanying Declaration of Joseph Mahan Regarding Notice Dissemination, Publication, and Report on Objections or Requests for Exclusion Received to Date ("Mahan Decl.").

wholly justified in light of the benefits obtained, the substantial risks undertaken, and the quality, nature and extent of the services provided, as more fully set forth in the accompanying Memorandum of Law in Support of Lead Counsel's Application for an Award of Attorneys' Fees and Expenses and Awards to Plaintiffs Pursuant to 15 U.S.C. §78u-4(a)(4) (the "Fee Memorandum").

16. The following sections set forth the principal proceedings in this matter and the major legal services provided by Lead Counsel, the negotiation of the Settlement, the terms of the Settlement, why the Settlement and the Plan of Allocation are fair, reasonable, adequate and in the best interests of the Class, and the reasonableness of Lead Counsel's fee and expense request.

## I. SUMMARY OF PLAINTIFFS' ALLEGATIONS

17. The Action centers on one of SandRidge's core holdings in the Mississippian play. As alleged in the TAC, Defendants materially misrepresented the economics of its Mississippian play by, among other things, understating the amount of gas relative to oil (the gas to oil ratio or "GOR") (¶¶141-148) and overstating the amount of oil (the estimated ultimate recovery or "EUR") for its typical horizontal Mississippian well. ¶¶132-148.

18. After the market closed on November 8, 2012 and before the market opened on November 9, 2012, Defendants revealed the truth concealed by their misrepresentations, *i.e.*, that the average Mississippian well was expected to produce less than 40% oil compared with 52% oil as represented in 2011 and 45% oil in 2012, and that the oil EUR was only 155 Mbbl compared with 204Mbbl as represented. *See*, *e.g.*,¶¶152, 301. In response to the Company's announcements on November 8 and 9, 2012, the shares of SandRidge common

stock declined from a closing price of $6.10 per share on November 8 to close at $5.51 per share on November 9, on heavy trading volume. ¶348.

## II. PLAINTIFFS' PROSECUTION OF THE CASE

### A. The Commencement of the Litigation

19. The initial complaint was filed on December 5, 2021. ECF 1. Two other movants sought appointment as lead plaintiff. *See* ECF 25, 30. After lead plaintiff motion practice consisting of three opening motions and one opposition brief (*see* ECF 25, 29-30, 55), the Court appointed Plaintiffs and Robbins Geller as Lead Plaintiffs and Lead Counsel, respectively, on March 6, 2013. ECF 60.

20. Following its appointment, Lead Counsel continued its aggressive, wide-ranging investigation into the facts and circumstances surrounding Defendants' fraud. On July 30, 2013, Lead Plaintiffs filed their Corrected Consolidated Amended Complaint for Violations of the Federal Securities Laws (the "AC"). ECF 75. In the AC, Plaintiffs added claims on behalf of purchasers of units issued by two entities named SandRidge Mississippian Trust I and SandRidge Mississippian Trust II (the "Trusts"), against the Trusts and their respective board members and underwriters, alleging violations of §§11 and 12(a)(2) of the Securities Act and §10(b) of the Exchange Act in connection with the Trusts' Class Period equity offerings. Plaintiffs further alleged Securities Act and Exchange Act claims against defendants SandRidge, Ward, Bennett, and Grubb arising out of these offerings. Defendants denied the allegations in the AC and filed motions to dismiss on October 7, 2013, which Plaintiffs opposed. *See* ECF 128-135, 138-142.

21. While the motions to dismiss the AC were out for decision, on February 14, 2014, Plaintiffs sought an Order from the Court requiring Defendants to produce reports and documents prepared by SandRidge's audit committee concerning Ward's post-Class Period termination from the Company (the "2014 PSLRA Discovery Stay Lift Motion"). ECF 150. The 2014 PSLRA Discovery Stay Lift Motion and brief in support argued that, because Ward relied on the audit committee's June 19, 2013 findings that he was terminated "without cause" in his motion to dismiss the AC, Plaintiffs were entitled to conduct limited discovery into those findings. *See id.* at 4-7. Defendants opposed the motion on March 7, 2014, and Plaintiffs filed a supplemental brief in further support on December 23, 2014. ECF 151, 168. Defendants filed a further opposition to the motion on January 16, 2015. ECF 169, 171-174.

22. On March 27, 2015, while the motions to dismiss the AC and the 2014 PSLRA Discovery Stay Lift motion were fully briefed, the parties held a mediation before Judge Phillips, as described above. Although Plaintiffs entered the mediation willing to negotiate a good faith resolution to the matter, they were likewise prepared to continue litigating the case if a settlement could not be reached. After determining Defendants would not settle at a value commensurate with the scope of the alleged fraud and damages sustained by the Class, Plaintiffs continued to prosecute the case.

23. Shortly thereafter, on April 23, 2015, Defendants filed their Consent Motion for Leave to File Supplemental briefing concerning the then recently issued *Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund*, 135 S. Ct. 1318 (2015) ("Omnicare") Supreme Court decision. ECF 177. The Court granted the motion on April

29, 2015, allowing the parties to file additional briefing about the impact, if any, of Omnicare on the instant litigation. ECF 178.

24. On May 11, 2015, the Court issued opinions and orders dismissing Plaintiffs' claims relating to the Trusts' offerings, finding that those claims were not encompassed by Plaintiffs' PSLRA notice published in connection with the initiation of the Action. *See* ECF 179-180.[5] The remaining Defendants filed their supplemental Omnicare briefing on May 13, 2015, Plaintiffs filed their response on May 27, 2015, and Defendants filed a reply on June 3, 2015. ECF 181-183. The parties disagreed about the applicability of *Omnicare* to certain alleged misstatements about Mississippian oil reserves and the gas oil ratio. *See, e.g.*, ECF 182 at 2. Defendants argued that such statements were inactionable opinions while Plaintiffs countered that they were factual in nature because they were based on well-established scientific methodologies and expressed a high level of certainty about production and reserves in the Mississippian. *See id.* at 3.

25. On August 27, 2015, the Court dismissed the AC but granted leave to amend. ECF 184-185.

26. Plaintiffs filed a Second Consolidated Amended Complaint (the "SAC") on October 23, 2015. ECF 188. The SAC added allegations from several former SandRidge Employees, providing additional specificity and context to their case in chief against Defendants, *i.e.*, that they knew throughout the Class Period that their rosy statements about the production, reserves, geology, and economics of the Mississippian were false and

[5] The claims alleged on behalf of Trust purchasers were thereafter brought by the plaintiffs in the *Lanier* action.

misleading when made because, among other reasons, they regularly received reports and attended meetings at which oil and gas production were discussed. Defendants filed their motions to dismiss the SAC on December 18, 2015. ECF 189, 190-191. Plaintiffs filed their opposition on March 11, 2016, and Defendants filed their replies in support of their motions on April 25, 2016. ECF 204-206; 209-210.

27. In sum, Defendants SandRidge, Bennett and Grubb argued that the SAC failed to cure any deficiencies noted by the Court when it dismissed the AC. *See* ECF 189 at 1. For example, Defendants argued that statements the Court previously found inactionable in the AC were still inactionable in the SAC because they were both forward-looking and accompanied by adequate cautionary language. *Id*. Defendants likewise argued that Defendants' statements about SandRidge's capital expenditures ("CapEx") guidance were not false and misleading because they were projections that fell within the "safe harbor" provision of the PSLRA. *Id*. at 3-4. Defendants further argued that the SAC was deficient because it lacked particularity and failed to adequately plead loss causation. *Id*. at 1-2.

28. Defendant Ward incorporated these arguments in his respective motion to dismiss, and additionally argued that Plaintiffs failed to adequately allege a strong inference of scienter because allegations concerning Ward's personal interests in the Mississippian through entities he, or members of his family controlled (the "Ward-Related Entities"), were insufficient motives because, in Ward's view, any profits he or his family gained by selling those personal interests were speculative. *See* ECF 190 at n.1, 5-6.

29. Plaintiffs disputed Defendants' arguments in their opposition briefing. Plaintiffs argued the SAC strengthened the allegations of the AC because the facts provided

by the FEs demonstrated the poor performance of the Mississippian was discussed with the Individual Defendants on a weekly basis throughout the Class Period. ECF 204 at 2. With respect to the Ward-Related Entities, Plaintiffs argued that Ward was motivated to misstate SandRidge's production to benefit himself and his children, who benefitted from SandRidge's land acquisitions in the Mississippian. *Id*. at 2-3.

30. On May 18, 2016, less than a month after the motions to dismiss the SAC were fully briefed, SandRidge filed a notice of bankruptcy (the "Bankruptcy"). ECF 212. Thereafter, the Court ordered the parties to advise the effect, if any, the Bankruptcy had on the Action. ECF 211. On May 23, 2016, Plaintiffs advised the Court the Bankruptcy had no impact on the instant action, other than for Defendant SandRidge. ECF 213 at 1. Defendants took a contrary position, arguing, *inter alia*, that because Judge Miles-LaGrange had already administratively closed different proceedings involving SandRidge due to the Bankruptcy, the Court should do so here to remain consistent. ECF 214 at 1-2; 215 at 1-2. The Court stayed the Action on May 24, 2016. ECF 216. In so doing, the parties were directed to advise the Court in writing when the stay imposed by the Bankruptcy proceeding no longer applied to the Action. ECF 216 at 1-2.

31. During this timeframe, Plaintiffs actively monitored the Bankruptcy proceedings to ensure the prospective Class' interests remained protected as new developments arose.[6] Plaintiffs' work in this regard went beyond merely watching the Bankruptcy docket. For example, Plaintiffs retained outside bankruptcy counsel, Lowenstein

[6] The proceedings were pending in the United States Bankruptcy Court for the Southern District of Texas. *See In re SandRidge Energy Inc*., No. 16-32488 (Bankr. S.D. Tex.).

Sandler, LLP ("Lowenstein"), to ensure their claims were protected in the Bankruptcy restructuring. Through Lowenstein, Plaintiffs negotiated with SandRidge's bankruptcy counsel, Kirkland & Ellis LLP, to ensure Plaintiffs would be entitled to discovery from SandRidge and that an escrow fund of approximately $25 million, created out of a settlement from a derivative action against SandRidge, was preserved for the securities claims against SandRidge.[7] *See In Re SandRidge Energy, Inc., Shareholder Derivative Litigation*, No. CIV-13-102-W, ECF 301-1, Stipulation of Settlement, §§1.27-1.28, 2.3 (W.D. Okla. Dec. 22, 2015).

32. On October 14, 2016, Plaintiffs filed an unopposed motion to reopen the proceedings and advised the Court that the Bankruptcy Court had recently entered an order confirming SandRidge's Chapter 11 Bankruptcy reorganization (the "Confirmation Order"). ECF 217 at 2. In pertinent part, the Confirmation Order stated that Plaintiffs were not barred from (i) seeking discovery from SandRidge in the instant Action, or (ii) prosecuting the Action against SandRidge for the purpose of recovering from available insurance. *Id*. The Confirmation Order further stated that Plaintiffs were not barred from prosecuting the Action against the Individual Defendants, as they were not debtors in the Bankruptcy proceeding. *Id*. at 3. Considering these rulings, Plaintiffs requested leave to file the TAC, which was to be amended from the SAC for the sole purpose of providing that SandRidge was a nominal defendant, named as such to recover on any claims or other causes of action against SandRidge from available remaining coverage under any applicable insurance policy. *Id*.

[7] The escrow fund also applied to the *Lanier* action. *See* ECF 228 at 4.

33. On October 17, 2016, the Court granted Plaintiffs' motion to reopen the proceedings, vacated the stay and permitted Plaintiffs to file the TAC. ECF 219 at 1-2. The same day, Plaintiffs sought a modification of the PSLRA discovery stay (the "2016 PSLRA Discovery Stay Lift Motion"). ECF 222. In connection with Plaintiffs' active monitoring of the Bankruptcy proceedings, it was revealed that Defendants produced documents to the SEC. ECF 222 at 1. Because these documents were already produced, Plaintiffs argued, *inter alia*, that there would be a minimal burden for Defendants to produce them in the instant Action, and that doing so would not undermine the legislative purpose of the PSLRA stay because of the limited nature of the discovery sought. *See id.* at 14-15.

34. Plaintiffs filed the TAC on October 21, 2016. ECF 225. Defendants filed their motions to dismiss the TAC on October 27, 2016. ECF 226-227.

35. On November 7, 2016, Defendants filed their opposition to the 2016 PSLRA Discovery Stay Lift Motion. ECF 228. Plaintiffs filed a reply on November 14, 2016.

36. Plaintiffs filed a Supplemental Motion and Notice of Cease and Desist Order in Support of Plaintiffs' Motion to Partially Lift PSLRA Discovery Stay on December 23, 2016 because it was revealed on December 20, 2016 that the SEC had completed its investigation into SandRidge. ECF 231 at 1. Defendants filed their opposition on January 13, 2017 (ECF 233), and Plaintiffs filed a reply on January 20, 2017. ECF 234 at 1-2.

### B. The Court's Orders on the Motions to Dismiss and PSLRA Discovery Stay

37. On August 1, 2017, the Court ruled on Defendants' motions to dismiss the TAC and sustained the Section 10(b) claims against all Defendants except Bennett and

sustained the Section 20(a) claims against all Defendants. *See* ECF 239-240. Specifically, the Court held the TAC adequately alleges claims related to Defendants' misrepresentations and omissions concerning production and reserves in the Mississippian. *See* ECF 239 at 37, 41-42; ECF 240 at 22-25. In addition to sustaining Plaintiffs' core claims, the Court held the TAC failed to adequately allege certain elements of a Section 10(b) claim for other non-core allegations. The Court analyzed Defendants' statements concerning SandRidge's CapEx guidance for 2011 and determined they were not actionable because they were forward-looking and accompanied by adequate cautionary statements. ECF 239 at 24; 240 at 14 n.15. The Court also held the TAC failed to adequately allege loss causation in connection with transactions engaged in by the Ward-related Entities. *See* ECF 239 at 28-29; 240 at 14 n.16. The Court also denied the 2016 PSLRA Discovery Stay Lift Motion and Supplemental Motion and Notice of Cease and Desist Order as moot, because the Court permitted the Action to proceed into discovery. *See* ECF 249 at 25, n.28.

38. Defendants served their answers to the TAC on August 15, 2017 which generally denied all of the operative claims alleged in the TAC. ECF 242-244. The Action then progressed into discovery.

**C. Fact Discovery**

39. After the Court's rulings on Defendants' motions to dismiss the TAC, the parties engaged in extensive fact discovery, which involved the production of more than 708,000 documents comprising 3,913,749 pages, taking or defending a total of 28 depositions, some on more than one day and some more than once, and motion practice over discovery disputes.

### 1. The Parties' Written Discovery

40. After meeting and conferring on multiple occasions, the parties filed their Joint Status Report and Discovery Plan on October 25, 2017. ECF 251 (the "Discovery Plan"). The Court reviewed and approved the Discovery Plan on October 26, 2017 and established the parties' deadlines and corresponding scheduling order (the "Scheduling Order"). ECF 252.

41. Pursuant to the Scheduling Order, the parties exchanged their respective Rule 26(a)(1) statements on November 15, 2017. Lead Plaintiffs served their Request for Production of Documents to All Defendants shortly thereafter, on November 27, 2017. Defendants Bennett and Grubb served their Request for Production of Documents to Plaintiffs on December 6, 2017. Defendant Ward served his Request for Production of Documents to Plaintiffs on December 29, 2017. Defendants filed their respective Responses and Objections to Plaintiffs' document requests on January 19, 2018. Plaintiffs served their Responses and Objections to Defendants SandRidge, Bennett and Grubb's document requests on January 19, 2018, and to Defendant Ward's requests on January 29, 2018. Plaintiffs obtained over 2.7 million pages of documents from Defendants in response to their requests.

42. The parties served and responded to several sets of interrogatories, including contention interrogatories. Plaintiffs served two sets of interrogatories on October 26, 2018 and February 17, 2019, and responded to interrogatories on January 19, 2018, January 29,

2018, and March 14, 2019. Defendants Bennett, Grubb and Ward issued a set of contention interrogatories to Plaintiffs on February 27, 2019.[8]

43. Plaintiffs served their First Requests for Admission (the "Requests") to all Defendants on February 27, 2019. Defendant Ward also served his Requests for Admission to Plaintiffs on February 27, 2019. The parties served their respective Responses and Objections on May 6, 2019.

44. Plaintiffs engaged in numerous meet-and-confer discussions with counsel for Defendants to discuss their objections to the document requests, interrogatories, and requests for admissions, to negotiate the scope of discovery and to arrange for the production of documents. Given the scope of discovery and disputes about relevancy, burden and privilege, this required extensive coordinated efforts and expenditures of substantial time and resources on Lead Counsel's part. Further, as discussed below in Section II.C.5 below, in many instances the parties were unable to resolve their discovery disputes, which resulted in motion practice before the Court.

**2. Depositions**

45. In preparation for summary judgment and trial, Plaintiffs took or defended 28 depositions of current or former SandRidge employees, officers, third party and Fed. R. Civ. P. 30(b)(6) witnesses in various locations throughout the United States, some on more than one day and some more than once. Each Lead Plaintiff, and several of their investment advisors were also deposed. Those depositions are set forth as follows:

[8] These contention interrogatories are described in greater detail below.

| *Deponent* | *Date of Deposition* | *Location* |
|---|---|---|
| James Mace on behalf of Laborers Pension Trust Fund for Northern Nevada | April 19, 2018 | New York, NY |
| Vladimir Galkin | April 20, 2018 | New York, NY |
| Angelica Galkin | April 25, 2018 | Miami, FL |
| Don Willey on behalf of Construction Laborers Pension Trust of Greater St. Louis | April 25, 2018 | St. Louis, MO |
| James Mullins on behalf of DL Carlson | May 3, 2018 | Boston, MA |
| Lance Galvin on behalf of SandRidge<br><br>Lance Galvin | August 15, 2018<br><br>---<br>January 8, 2019 – January 9, 2019 | Oklahoma City, OK |
| Todd Tipton | December 6, 2018<br>---<br>March 18, 2019 – March 19, 2019 | Denver, CO |
| Michael Hale | December 7, 2018 | Oklahoma City, OK |
| David Miller | December 12, 2018 – December 13, 2018 | Dallas, TX |
| Maggie Silvertooth | December 20, 2018 | Denver, CO |
| Larry McFarlin | January 17, 2019 | Oklahoma City, OK |
| Paul Stark | January 18, 2019<br><br>---<br>February 8, 2019 | Oklahoma City, OK |
| Lindsey Walton (nee Austin) | January 31, 2019 | Oklahoma City, OK |

| *Deponent* | *Date of Deposition* | *Location* |
|---|---|---|
| James Bennett | February 13, 2019 – February 14, 2019 & 1-hour session on May 7, 2019 | Oklahoma City, OK |
| David Lawler | February 21, 2019 – February 22, 2019 | Denver, CO |
| Danh Nguyen | February 27, 2019 | Oklahoma City, OK |
| Kevin White | February 28, 2019 | Oklahoma City, OK |
| Craig Johnson | March 5, 2019 | Oklahoma City, OK |
| Kyle Koontz | March 7, 2019 – March 8, 2019 | Denver, CO |
| Rodney Johnson | March 14, 2019 – March 15, 2019 | Oklahoma City, OK |
| Matthew Grubb | March 21, 2019 – March 22, 2019 | Oklahoma City, OK |
| Doug Johnson | March 26, 2019 | Oklahoma City, OK |
| Tom Ward | March 28, 2019 – March 29, 2019 | Oklahoma City, OK |
| Jeffrey Knupp | April 12, 2019 | Denver, CO |

46. These depositions were critical in developing evidence concerning the EUR, GOR, type curve, geology and well economics of SandRidge's Class Period holdings in the Mississippian and were important to Plaintiffs' case-in-chief establishing Defendants' knowledge of the fraud. Each Class Representative's deposition was in connection with Plaintiffs' successful motion to certify the class, which is described below.

**3. Non-Party Document Discovery**

47. Beginning on March 16, 2018, Plaintiffs began issuing subpoenas for documents and depositions to over a dozen relevant non-parties, including SandRidge's

independent reserves estimator, Netherland Sewell & Associates, Inc. ("NSAI"), the Ward-Related Entities, the underwriters for the Trusts' respective offerings, analysts, and other entities that engaged with SandRidge on the Mississippian. Plaintiffs' efforts resulted in the production of 1.1 million pages of documents from non-parties. Plaintiffs subpoenaed the following non-parties:

| ***Producing Non-Party*** | ***Received Date*** | ***Doc Count*** | ***Page Count*** |
|---|---|---|---|
| TLW Land & Cattle, L.P. | 6/8/2018; 10/18/2018 | 13,026 | 40,200 |
| 192 Investments, L.L.C. | 7/17/2018 | 91 | 1,320 |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 7/18/2018 | 36 | 408 |
| Morgan Stanley & Co. LLC | 7/18/2018 | 3,307 | 36,149 |
| Raymond James & Associates, Inc. | 7/18/2018 | 1,875 | 26,161 |
| Citigroup Global Markets | 7/18/2018 | 63 | 2,016 |
| WCT Resources, L.L.C. | 7/20/2018 | 36,244 | 477,756 |
| Jackfork Land, Inc. | 7/25/2018 | 18,992 | 35,608 |
| Continental Land Resources, LLC | 7/27/2018 | 51,837 | 138,548 |
| TPG-Axon Capital | 7/27/2018 | 24 | 1,178 |
| Bent Tree Properties, Inc. | 7/30/2018 | 45,064 | 73,312 |
| BMO Capital Markets | 8/10/2018 | 6,099 | 38,111 |
| Netherland, Sewell & Associates, Inc. | 8/17/2018; 8/21/2018 | 9,746 | 227,028 |
| PricewaterhouseCoopers LLP | 8/30/2018 | 1,042 | 4,360 |
| Canaccord Genuity | 8/30/2018; 8/31/2018 | 726 | 6,348 |
| Elliott Management Corporation | 10/1/2018 | 103 | 485 |

| *Producing Non-Party* | *Received Date* | *Doc Count* | *Page Count* |
|---|---|---|---|
| WCT Resources, L.L.C. | 10/18/2018 | 36,244 | 477,756 |
| Repsol S.A. | 10/19/2018 | 98 | 1,162 |
| Pinnacle Energy Services, L.L.C. | 11/19/2018 | 725 | 47,283 |
| Lee Keeling and Associates, Inc. | 11/19/2018 | 130 | 2,362 |
| Tudor, Pickering, Holt & Co. Securities, Inc. ("TPH") | 12/20/2018 | 207 | 2,005 |
| Paul Stark | 1/7/2019; 1/14/2019 | 31 | 53 |
| Larry McFarlin | 1/24/2019 | 4 | 712 |
| | TOTALS: | 182,957 | 1,142,465 |

48. Lead Counsel engaged in meet-and-confers with most of the subpoenaed third parties to discuss their responses and objections to the subpoenas, to negotiate the scope of the subpoenas, and to arrange for the production of responsive documents. This required extensive coordinated efforts and expenditures of time and resources on Lead Counsel's part. As with Defendants' document productions, this discovery was critical in developing evidence supporting Plaintiffs' claims.

**4. Defendants' Contention Interrogatories**

49. As described above, Defendants Bennett, Grubb and Ward served their contention interrogatories on Plaintiffs on February 27, 2019 (the "Contention Interrogatories"). The Contention Interrogatories were, in Plaintiffs' view, premature attempts by Defendants to unravel Plaintiffs' entire case-in-chief at a time when fact discovery had only recently been completed, and expert discovery had yet to formally

commence. For example, one of Bennett and Grubb's Contention Interrogatories was as follows:

> If Plaintiffs contend that any Defendant should have publicly disclosed prior to November 9, 2012 that the type curve for the Mississippian should be revised, identify the date(s) that Plaintiffs contend each Defendant should have made such a disclosure, state the revision Plaintiffs contend each Defendant should have disclosed, state the basis for Plaintiffs' contention, and identify all evidence in support of Plaintiffs' contention.

In a similar vein, an example from Defendant Ward's Contention Interrogatories stated:

> Identify each Statement by Defendants that You contend was false, misleading, incomplete or otherwise constituted a violation of the Exchange Act – including the basis for Your contention that the Statement was false or misleading at the time the Statement was made and what You contend were the correct or omitted facts.

Even though Plaintiffs had a basis to object to these and other Contention Interrogatories, they aggressively litigated their claims by serving over 200 pages of responses detailing the evidence supporting their claims and connecting the dots between the extensive document, deposition and third-party discovery developed in the Action. Plaintiffs' Contention Interrogatory responses were designed to show Defendants the compelling facts that would be presented during summary judgment and trial.

**5. Discovery Disputes**

50. Plaintiffs spent thousands of hours reviewing and analyzing millions of pages of documents to determine prospective deponents and previously-unknown relevant non-parties, develop facts and evidence, and identify deficiencies in Defendants' productions. The parties engaged in numerous disputes during discovery, requiring hours of negotiations to narrow or resolve without the need for judicial intervention. Two major disputes,

however, required the Court's attention. *First*, the parties were unable to reach agreement on the number of depositions to be taken in the Action and the *Lanier* action. *Second*, Plaintiffs were unable to obtain sufficient Interrogatory responses from SandRidge concerning the identification of key meetings and presentations regarding Mississippian oil and gas reserves during the Class Period. As detailed below, Plaintiffs secured key victories on these and other issues after heavily disputed motion practice.

**a. Coordinating – But Not Consolidating – Discovery with the *Lanier Action***

51. Between August and October 2018, Plaintiffs participated in a series of meet and confers with Defendants to determine the number of depositions to be taken in the Action. The parties were unable to come to an agreement, in large part, due to Defendants' insistence on consolidating depositions in the Action with the *Lanier* action. While Plaintiffs were amendable to coordinating discovery with the *Lanier* action, the parties were unable to reach agreement on the number of depositions to be taken across both cases. Motion practice ensued to resolve the issue, which was ultimately resolved in Plaintiffs' favor.

52. To illustrate, on October 5, 2018, Defendants filed a cross-motion to consolidate fact discovery in the Action and the *Lanier* action. ECF 362, 363. Defendants contended that because underlying facts between the two cases were similar, overlapping issues and witnesses warranted consolidation. *See* ECF 362 at 10. Plaintiffs filed their response on October 19, 2018, and argued that even though there were similarities between the two cases, there were also significant differences, including that they involved different securities, alleged misstatements, classes and class periods. ECF 370. Plaintiffs argued they

would be unduly prejudiced by Defendants' proposal – particularly because Defendants sought to split the 7 hours afforded under the Federal Rules for a fact deposition between both cases. In other words, Defendants sought to give plaintiffs in each case 3.5 hours for shared witnesses, which was *less* than they would be entitled to if they were to proceed separately. *See* ECF 370 at 1-3.

53. The parties appeared before the Court for a hearing on the issue on November 28, 2018. ECF 387. The Court denied Defendants' motion to consolidate discovery between the Action and the *Lanier* action. The Court directed the parties to settle on a coordinated deposition protocol, which they did. The Court approved the parties' request that Plaintiffs in the Action and in the *Lanier* action would take 22 depositions in total, with 8 of the depositions taking place for up to a day and a half, and with the others proceeding for up to a full day. In other words, Plaintiffs were successful in resisting Defendants' attempt at consolidating both actions and ensured the amount of time for key witness depositions were sufficient.

**b. Plaintiffs Successfully Move to Compel SandRidge to Provide Proper Interrogatory Responses**

54. Among other things, Plaintiffs sought admissions concerning the admissibility of certain documents produced during discovery by SandRidge.

55. In early-2020 Plaintiffs met and conferred with SandRidge's counsel in an attempt to resolve SandRidge's deficient discovery responses. *See* ECF 464 at 6. At that time, Plaintiffs were advised that SandRidge would search for and produce responsive information and that it would also provide a more fulsome response to Plaintiffs' requests

56. With the then-current deadline for dispositive motions looming, Plaintiffs were advised that SandRidge would not produce any further information, leaving Plaintiffs no other option but to file a motion to compel on March 27, 2020. Plaintiffs requested that the Court order SandRidge to provide more fulsome responses to the Interrogatories and a Court order compelling SandRidge to admit documents Plaintiffs identified were admissible under the Federal Rules of Evidence. *See* ECF 463, 464. SandRidge filed its opposition brief on April 16, 2020. ECF 496.

57. On October 16, 2020, the Court granted in part and denied in part Plaintiffs' motion to compel. ECF 532. The Court subsequently ordered SandRidge to submit answers to Interrogatories by November 13, 2020, and that if SandRidge determined that it needed to undertake a new search of its records in order to properly respond, then its amended answers should so reflect. *See id*. at 8-9.

58. Instead of answering the Interrogatories, SandRidge filed a motion for an extension of time to comply with the Order on November 12, 2020 – the day before its responses were due and requested permission to provide a response no later than 21 days after the Court would rule on dispositive motions, which at that point in time had been fully briefed but not decided. *See* ECF 533 at 2-3.

59. Plaintiffs opposed SandRidge's motion on December 3, 2020. ECF 534. On December 10, 2020, SandRidge filed a reply advising the Court they would serve responses within a thirty-day window. *See* ECF 535 at 1-2. As a result of Plaintiffs' dedicated efforts to obtain this information, SandRidge provided supplemental responses to the Interrogatories on December 14, 2020. Notwithstanding SandRidge's capitulation, the Court ruled in favor

of Plaintiffs in an Order dated January 11, 2021, formally denying SandRidge's request to serve responses until after judgments on dispositive motions. ECF 537.

**D. Class Certification**

60. On February 16, 2018, Plaintiffs moved pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) for class certification, filing a memorandum of law and declaration in support. ECF 268, 269. Plaintiffs proposed to certify a class consisting of all purchasers of SandRidge common stock between February 24, 2011 and November 8, 2012, inclusive. Plaintiffs, joined by Ms. Galkin's husband, court-appointed lead plaintiff Vladimir Galkin ("Mr. Galkin," and together with Ms. Galkin, the "Galkins"), also sought to be appointed as class representatives and to have Robbins Geller appointed as class counsel.

61. In support of the motion, Plaintiffs submitted the Report of Bjorn I. Steinholt, CFA, who analyzed the market in which SandRidge common stock traded and who conducted statistical analyses of the reaction of SandRidge's common stock to market news. Plaintiffs presented Mr. Steinholt's findings in support of their motion for class certification, including: (i) the market for SandRidge common stock was efficient; (ii) an event study showing that Defendants' false and misleading statements inflated the price of SandRidge common stock, and that inflation dissipated when the truth of Defendants' false and misleading statements were revealed to the market; and (iii) the proposed class' damages could be calculated on a class-wide basis using a common methodology. ECF 269-4.

62. On June 1, 2018, Defendants opposed Plaintiffs' motion for class certification in a 35-page memorandum and accompanying declaration. ECF 329-330. Defendants argued that the proposed class should not be certified because: (i) the Class Period started a

year too early because, in their view, there were no actionable statements prior to May 2012; (ii) each proposed class representative was inadequate because they did not know enough facts about the case; (iii) Northern Nevada and the Galkins were atypical because they did not purchase shares during Defendants' suggested class period; (iv) the Galkins were atypical because they purchased SandRidge shares after the Class Period ended, and because the brokerage account listing the purchases was in Ms. Galkin's name, Mr. Galkin had no standing to bring suit; and (v) Greater St. Louis was atypical because it previously retained Robbins Geller in other securities class actions. *See id*.

63. On August 10, 2018, Plaintiffs filed their reply brief in support of their motion for class certification, along with a declaration in further support of certifying the class. ECF 341-342.

64. Plaintiffs argued that Defendants' attempt to shorten the Class Period ignored key procedural facts, including that the Court sustained Plaintiffs' GOR claim, which commenced on February 21, 2011 through to the end of the Class Period. Plaintiffs also argued that binding Supreme Court precedent created by *Amgen Inc. v. Conn. Ret. Plans & Tr. Funds*, 568 U.S. 455, 466 (2013) precluded Defendants from raising this argument at the class certification stage because it prematurely required examining the merits of the case before summary judgment or trial. *See* ECF 341 at 1-3. Plaintiffs also responded to Defendants' attacks on Plaintiffs' adequacy and typicality as unsupported by the factual record and case law. *See id*. at 1-2.

65. Plaintiffs cited testimony from each Plaintiff's deposition, illustrating their knowledge of the claims at issue, the case's procedural history, and their dedication to

serving as proposed class representatives in the Action. *See id*. at 10-16. Plaintiffs pointed out that Northern Nevada purchased its SandRidge shares in 2011, which was after the proper start date for the Class Period. Plaintiffs argued that Greater St. Louis's participation in prior securities litigations with Robbins Geller supported typicality, because the PSLRA encourages institutional investors (like Greater St. Louis) to participate in securities fraud class actions and cultivate relationships with law firms like Robbins Geller. *See id*. at 6-7. Plaintiffs argued there was nothing atypical about the Galkins purchasing SandRidge shares after the end of the Class Period, and there is nothing atypical about "averaging down" to minimize losses. *Id*. at 7-8. Finally, Plaintiffs argued that, while the brokerage account was in Ms. Galkin's name, the Galkins used it together, like many married couples, thereby making Mr. Galkin a typical plaintiff. *Id*.

66. On September 6, 2019, the Court heard argument on Plaintiffs' class certification motion. *See* ECF 448. On September 30, 2019, the Court granted the motion, certifying the class, appointing Northern Nevada, Greater St. Louis and Angelica Galkin as Class Representatives, and naming Robbins Geller Class Counsel. ECF 453. The Court found, however, that while there was nothing atypical about the Galkins using their brokerage account together, Mr. Galkin could not serve as a Class Representative because the account was in Ms. Galkin's name. *See* ECF 453 at 5, 8. The Court rejected all of Defendants' other arguments.

**E. Expert Discovery and Plaintiffs' Consultants**

67. Following completion of fact discovery and while Plaintiffs' motion for class certification was fully briefed, the Action proceeded into expert discovery.

### 1. Plaintiffs' Experts

68. Throughout the Action, Plaintiffs used the services of a non-testifying expert consulting group, Ammonite Resources ("Ammonite"), and retained the services of two testifying experts to assist them in the prosecution of their claims.

#### a. Ammonite Resources

69. Lead Counsel retained Ammonite Resources, an expert consulting group specializing in geotechnical and economic analysis of energy and mineral exploration to effectively formulate Plaintiffs' claims and evaluate complex facts concerning oil and gas production and reserves. Robbins Geller attorneys worked with Ammonite in key facets of the case, including the investigation and evaluation of the GOR and EUR claims in the TAC, Defendants' statements, document discovery, and deposition preparation. Ammonite assisted Robbins Geller in connection with their investigation of Plaintiffs' claims by reviewing and analyzing well production data and information SandRidge submitted to governmental authorities. When Plaintiffs obtained oil and gas production documents and data during discovery (*e.g.*, thousands of pages' worth of spreadsheets produced by SandRidge, NSAI and others), Ammonite helped Robbins Geller comprehend and interpret the documents and data in connection with the EUR and GOR allegations. Ammonite also provided substantial assistance during fact depositions.

#### b. Steven D. Crane

70. Mr. Crane served as Plaintiffs' oil and gas production and reserves expert. Among other things, Mr. Crane opined on the EUR and GOR of SandRidge's Mississippian wells during the Class Period based on information known by Defendants at the time. Mr.

Crane is a highly experienced and licensed petroleum engineer with over 40 years' worth of experience in the oil and gas industry. To illustrate, he is a member of the Society of Petroleum Engineers, holds twelve patents related to petroleum production processes, was an executive for Atlantic Richfield Company (ARCO), and is the former president of SURE Northern Energy, a Canadian subsidiary of Royal Dutch Shell. Mr. Crane has also published papers and presented at professional conferences. Mr. Crane prepared and submitted two expert reports, plus appendices and exhibits, in the Action. Robbins Geller worked closely with Mr. Crane to ensure his opinions were reliable, well-founded and accurate.

71. On March 1, 2019, Mr. Crane submitted a 45-page report, including exhibits and appendices totaling over 1,000 pages (the "Crane Report"). *See* ECF 481-2 to 481-7. Mr. Crane opined that SandRidge improperly excluded poor performing wells and included strong non-SandRidge wells to improperly increase its EUR. Mr. Crane also performed his own decline curve analyses for 345 Mississippian wells and compared his independent findings to professional reserves estimates made by non-executive SandRidge personnel, NSAI, and TPH. Each of these analyses, in Mr. Crane's opinion, demonstrated that SandRidge's Mississippian EUR was lower than what Defendants publicly represented. *See* ECF 481-2 at 38-41.

72. On April 4, 2019, Defendants submitted expert reports, plus accompanying appendices and exhibits, from two experts in rebuttal to the Crane Report: Robert Rasor and Terry L. Brittenham. These experts criticized the Crane Report's EUR analyses, including Mr. Crane's opinions that SandRidge improperly inflated the EUR. *See* ECF 516-37; 481-1,

¶1(F). Neither of Defendants' experts performed a decline curve analysis of SandRidge's wells similar to Mr. Crane's analysis.

73. On April 29, 2019, Mr. Crane submitted a 46-page report, plus an accompanying appendix, in response to the reports submitted by Messrs. Rasor and Brittenham. In pertinent part, Mr. Crane explained that neither of Defendants' experts offered any substantive challenge to his conclusions. *See* ECF 481-10 at 1.

**c. Bjorn I. Steinholt, CFA**

74. Mr. Steinholt is a Chartered Financial Analyst retained by Plaintiffs to opine on the issues of market efficiency of SandRidge common stock, loss causation and damages. *See* ECF 416-1. Mr. Steinholt is a managing director at Caliber Advisors, Inc., an expert valuation and economic consulting firm with offices in San Diego and Chicago. Mr. Steinholt has approximately 30 years of experience providing capital markets consulting, including analyzing and valuing investments, and over the past 15 years, Mr. Steinholt has been retained on numerous occasions to provide expert opinions relating to market efficiency, materiality, loss causation and damages in large and complex securities class actions similar to the instant case. *See id*., ¶¶1-4.

75. Mr. Steinholt prepared and submitted four reports in the Action.[9] Robbins Geller worked closely with Mr. Steinholt to ensure his opinions were reliable, well-founded, and accurate. To that end, Robbins Geller devoted considerable time discussing loss

[9] Mr. Steinholt also elaborated on stock price drops that took place in August 2011 in his April 29, 2019 report but they were subsequently stricken by the Court on June 13, 2019, after extensive motion practice. *See* ECF 415-416, 419-421, 422, 425, 426.

causation and damages with Mr. Steinholt, analyzing, reviewing, and vetting his reports. As discussed above, Mr. Steinholt first submitted a report on February 16, 2018 in support of Plaintiffs' successful motion for class certification. ECF 269-4. Mr. Steinholt's second report in this case was submitted during expert discovery on March 1, 2019 (the "Steinholt Report"). ECF 416-1.

76. The Steinholt Report opines in pertinent part that: (i) SandRidge common stock traded in an efficient market during the Class Period; (ii) the allegedly false and misleading statements were material; (iii) when the alleged truth was revealed to the market, SandRidge's common stock declined, causing economic damages to the Class; and (iv) the price impact of the disclosure of the alleged truth on November 9, 2012 was 9.9%, or $0.60 per share. *See id*., ¶12.

77. On April 4, 2019, Defendants submitted the expert report of Steven Grenadier, PhD in rebuttal to the Steinholt Report. ECF 416-2. Dr. Grenadier criticized Mr. Steinholt's opinions relating to loss causation and damages. On April 29, 2019, Mr. Steinholt submitted a 45-page report in response to the arguments raised by Dr. Grenadier.

**2. Expert Depositions**

78. In preparation for the depositions of Defendants' experts, Plaintiffs spent hours poring over each expert's report, analyzing any legal authorities, published materials, treatises, analyses or other materials cited or relied upon. Plaintiffs deposed Defendants' experts in June 2019, as set forth below:

| ***Expert*** | ***Date of Deposition*** | ***Location*** |
|---|---|---|
| Terry L. Brittenham | June 4, 2019 | Oklahoma City, OK |

| *Expert* | *Date of Deposition* | *Location* |
|---|---|---|
| Robert W. Rasor | June 13, 2019 | Houston, TX |
| Steven Grenadier Ph.D. | June 18-19, 2019 | Palo Alto, CA |

79. Plaintiffs also defended the depositions of their testifying experts, Messrs. Steinholt and Crane. In preparation for each deposition, Plaintiffs met with each of their experts, spending hours reviewing each expert's report, Defendants' expert reports submitted in response, and all relevant materials. These depositions were as follows:

| *Expert* | *Date of Deposition* | *Location* |
|---|---|---|
| Bjorn I. Steinholt, CFA (in connection with class certification) | May 3, 2018 | Los Angeles, CA |
| Steven D. Crane | May 16, 2019 | Dallas, Texas |
| Bjorn I. Steinholt, CFA (during expert discovery) | June 12, 2019 | Los Angeles, CA |

**F. Dispositive Motions**

80. Dispositive motions were filed on April 2, 2020 (the "Dispositive Motions"). The Dispositive Motions consisted of Defendants' motions for summary judgment, reconsideration of the Court's Orders on the motions to dismiss the TAC, and three *Daubert* motions filed by the parties. *See* ECF 477-481, 483-494. Oppositions to the Dispositive Motions were filed on July 24, 2020 (*see* ECF 504-512), and replies were filed on September 22, 2020. *See* ECF 519-529.

**1. Summary Judgment**

**a. Defendants' Summary Judgment Papers**

81. In support of their motion for summary judgment, Defendants Bennett and Grubb submitted a 30-page brief, 430-page declaration attaching exhibits in support, and 41

statements of asserted undisputed facts. ECF 480, 488.[10] Bennett and Grubb's reply consisted of a 15-page brief and 144-page declaration attaching exhibits in support. ECF 520, 521. Bennett and Grubb contended that most Plaintiffs' allegations are based on forward-looking statements that are immune from liability. *See* ECF 480 at 15. Defendants Bennett and Grubb also argued that statements about the Mississippian's rate of return and overall economics were non-actionable puffery. *See id*. at 23-24. Bennett and Grubb also argued that Plaintiffs could not prove their claims because Defendants did not participate in the creation of the type curve which was developed by NSAI. *See id.* at 20.

82. Defendants Bennett and Grubb also argued that there were no genuine issues of material fact concerning loss causation, because: (i) Mr. Steinholt failed to disaggregate non-fraud related factors from his loss causation opinion; and (ii) there was no corrective disclosure regarding the geology of the Mississippian at the end of the Class Period. *See id*. at 27-28. Bennett and Grubb further argued that summary judgment should be granted for Plaintiffs' control person claims because, in pertinent part, the maker of the type curve statements was NSAI – an entity none of the Defendants had control over. *See id*. at 29-30.[11]

83. Defendant Ward's motion for summary judgment consisted of a 30-page brief, 1700-page declaration attaching exhibits in support, and 27 statements of asserted undisputed facts. *See* ECF 489, 490-494. Ward's reply consisted of a 15-page brief and 59-page appendix attaching exhibits in support. ECF 525. In addition to incorporating Bennett and

[10] Defendant Ward joined the motion. *See* ECF 489 at 1.

[11] Defendants Bennett and Grubb likewise joined Defendant Ward's motion. *See* ECF 480 at 23.

Grubb's arguments about the PSLRA safe harbor for forward-looking statements, Ward argued that Defendants' statements about the Mississippian's historical production results were not misleading because they were factually accurate. *See* ECF 489 at 13-18. Additionally, Ward argued there were no false or misleading statements about the type curve because on a barrels of oil equivalency, the aggregate results of SandRidge's oil production was better than what was predicted in the type curves for 2011 and 2012. *See id*. at 13. Ward also argued that investors were aware of variability across SandRidge's Mississippian wells in terms of oil and gas production because it was known that some wells produced more gas and less oil than others, and Defendants were not under a duty to disclose information about disparate production results. *See id*. at 14-17.

84. Defendant Ward further argued that summary judgment should be granted because Plaintiffs could not establish his scienter. *See id*. at 21. Specifically, Ward contended that no deponent testified that he lied to investors, and that evidence demonstrated he believed the statements he made during the Class Period were accurate. *See id*. at 21-22. Ward similarly argued that he believed the geology of SandRidge's holdings in the Mississippian yielded uniform production akin to producing oil and gas across a single type curve. *See id*. at 25-28. Finally, Ward argued that Plaintiffs' control person claims failed as a matter of law because they could not establish a primary violation of §10(b) by any Defendant. *Id*. at 30.

**b. Plaintiffs' Omnibus Summary Judgment Opposition**

85. After spending hundreds of hours reviewing and analyzing Defendants' arguments, evidence and legal authorities, and drafting responses, Plaintiffs submitted their opposition to Defendants' motions for summary judgment, which included: (i) responses to Bennett, Grubb and Ward's statements of undisputed facts; (ii) 35 additional asserted undisputed facts precluding summary judgment as a matter of law; and (iii) extensive briefing opposing each of Defendants' legal arguments. In total, Plaintiffs submitted 65-pages of briefing and a declaration attaching over 4,400 pages of documents. ECF 514-518. Plaintiffs vigorously opposed Defendants' arguments and argued that summary judgment should be denied.

86. Plaintiffs addressed each of Defendants' contentions and argued that Defendants failed to meet their heavy burden of demonstrating that there was no genuine issue of material fact with respect to falsity, scienter, loss causation and control person liability. ECF 514. Specifically, in connection with falsity, Plaintiffs argued, *inter alia*, that genuine issues of disputed material fact existed as to whether Defendants knowingly overstated the economics and reserves for its holdings in the Mississippian throughout 2011 and 2012, citing evidence demonstrating Defendants had actual knowledge their statements were misleading when made. *See* ECF 514 at 14-30, 34-44.

87. To support scienter, Plaintiffs cited numerous reports and data that were provided to Defendants throughout 2011 and 2021 showing the economics, geology

production and reserves of the Mississippian were materially worse than represented. *See* ECF 514 at 52-60.

88. Further, with regard to loss causation, Plaintiffs argued that Defendants failed to carry their burden demonstrating a lack of any genuine issue of material fact because Mr. Steinholt's event study methodology established that SandRidge's stock price suffered a Company-specific, statistically significant decline on November 9, 2012, following the disclosures made at the end of the Class Period. *See id*. at 62.

89. Finally, Plaintiffs argued that each Defendant was liable as a control person under §20(a) because the evidence demonstrated both their control and a primary violation under §10(b). *Id*. at 64.

**2. Daubert Motions**

**a. Defendants' *Daubert* Papers**

**(1) Steven Crane**

90. Defendants' *Daubert* motion against Mr. Crane consisted of a 20-page brief and 200-page declaration attaching exhibits in support. ECF 487. Defendants' reply consisted of a 15-page brief and 88-page declaration attaching exhibits in support. ECF 526, 527. Defendants argued that Mr. Crane's testimony about SandRidge's oil and gas production was unreliable because, in their view, Mr. Crane's analyses did not rebut NSAI's professional judgments about that same production data, which formed the basis of the publicly stated type curve. ECF 487 at 1. Defendants contended that because Mr. Crane utilized production data from three periods, *i.e.*, from before 2011, between January and June 2011 and June 2012 – and NSAI used year-end data, his opinions about the EUR were based

on what Defendants considered to be the wrong time period for such an analysis. Defendants contended other aspects of Mr. Crane's opinions, such as the economic value of the Mississippian being overstated on account of it containing less oil (and more gas) than what they publicly represented, were unreliable and speculative. *See id*. at 15-18. Defendants also argued that Mr. Crane was not qualified to testify as an expert because he lacked experience in the Mississippian.

91. Plaintiffs' opposition to Defendants' *Daubert* motion against Mr. Crane consisted of a 29-page brief and nearly 1500-page declaration attaching exhibits in support. ECF 504, 505. Plaintiffs argued that Defendants' motion should be denied because, *inter alia*, neither of Messrs. Rasor or Brittenham opined that Mr. Crane lacked the qualifications to testify at trial, nor did they perform their own reserves estimates to identify any flaws in the reliability of Mr. Crane's type curves analyses. *See* ECF 504 at 2. Plaintiffs argued that Mr. Crane – despite Defendants' argument to the contrary – was not only a qualified expert under *Daubert*, but an ideal one based on his qualifications and experience.

**(2) Bjorn Steinholt**

92. Defendants' *Daubert* motion against Mr. Steinholt consisted of a 25-page brief and 446-page declaration attaching exhibits in support. ECF 475-476. Defendants' reply consisted of a 10-page brief. ECF 524. Defendants did not challenge Mr. Steinholt's qualifications, but rather argued that his opinions on loss causation and damages were unreliable. *See* ECF 475 at 1-4. Defendants contended that Mr. Steinholt did not disaggregate non-fraud related negative news from his loss causation analysis. *See id*. at 16. With regard to Mr. Steinholt's opinions on damages, Defendants argued Mr. Steinholt's

event study was unreliable because it assumed that the fraudulent component embedded in SandRidge's stock price during the Class Period remained constant, despite fluctuations in the relative prices of oil and gas. *See id*. at 21-22.

93. Plaintiffs' opposition to Defendants' *Daubert* motion against Mr. Steinholt consisted of a 25-page brief and 374-page declaration attaching exhibits in support. ECF 507, 508. In pertinent part, Plaintiffs argued that Defendants did not challenge Mr. Steinholt's qualifications or industry acceptance of the event study methodology he utilized when forming his opinions. *See* ECF 507 at 6-12. Plaintiffs further argued that Mr. Steinholt provided well-reasoned, well-supported, and highly defensible damages opinions, based on the price decline that actually occurred following the corrective disclosure. *See* ECF 507 at 1-2.

**b. Plaintiffs' *Daubert* Papers Against Mr. Brittenham**

94. Plaintiffs' *Daubert* motion against Mr. Brittenham consisted of a 19-page brief and 1,500-page declaration attaching exhibits in support. ECF 477, 478, 481. Plaintiffs' reply consisted of a 10-page brief. ECF 519. Plaintiffs argued that Mr. Brittenham's proffered testimony warranted exclusion because: 1) contrary to his assertion that he was tasked to rebut the findings of Mr. Crane, his report actually omitted any such discussion; 2) his report focuses almost entirely on opinions rendered by plaintiffs' experts in the *Lanier* action; and 3) his opinion – devoid of any analysis genuinely rooted in the factual record in the Action, constitutes improper *ipse dixit* testimony that must be excluded as unreliable. *See* ECF 478 at 1-3.

95. Defendants' opposition to Plaintiffs' *Daubert* motion against Mr. Brittenham consisted of a 17-page brief. ECF 513. In pertinent part, Defendants argued that excluding Mr. Brittenham from testifying would be unduly prejudicial, because he was the only Oklahoma-licensed petroleum engineer proffered as an expert in the Action. *See id*. at 4.

**3. Defendants' Motion for Reconsideration**

96. Defendants alternatively moved for reconsideration of the Court's Orders on their motions to dismiss the TAC under Federal Rule of Civil Procedure 54(b), filing a 20-page brief and 220-page declaration attaching exhibits in support (the "Motion for Reconsideration"). ECF 483, 484. Defendants filed an identical motion in the *Lanier* case. *See* ECF 482 at 2. Plaintiffs' opposition to the Motion for Reconsideration consisted of a 25-page brief and 465-page declaration attaching exhibits in support of opposing Defendants' arguments. ECF 510-511. Defendants' reply consisted of a 10-page brief and 48-page declaration attaching exhibits in support. ECF 528-529.

**G. SandRidge's 2021 Motion to Dismiss**

97. On January 7, 2021, *nine months* after the deadline for filing dispositive motions elapsed, SandRidge filed a five-page motion to dismiss. ECF 536, 536-1, 536-2. SandRidge argued that it was entitled to dismissal from the case because it was a nominal Defendant whose sole purpose in the Action was to provide insurance policies from which Plaintiffs could recover. *See* ECF 536 at 1-2. According to SandRidge, it was entitled to be dismissed from the case because all the funds available under the insurance policies had been exhausted, thereby fulfilling its obligations as a nominal Defendant. *See id*. SandRidge also argued that remaining coverage was available only to Ward and not SandRidge. *See* ECF

540 at 2-3. SandRidge further argued that its dismissal was warranted because it was in line with provisions regarding this case outlined in the bankruptcy court's 2016 order approving SandRidge's plan of reorganization. *See* ECF 536 at 4; *cf.* ECF 536-1, ¶¶146-148.

98. Plaintiffs filed an opposition to SandRidge's motion on January 28, 2021. ECF 538, 539. Plaintiffs argued that SandRidge's motion should either be denied outright, or converted to a motion for summary judgment, providing Plaintiffs with an opportunity to conduct full discovery on the issues raised. *See* ECF 538 at 7.

99. The Court held oral argument on SandRidge's motion on September 24, 2021 (ECF 554), and issued an Order fully denying the motion on September 29, 2021. ECF 556.

100. The Court separately agreed, per the parties' joint request at the hearing, to hold all dispositive motions in abeyance because the parties had reached an agreement to settle the claims between Plaintiffs and Defendants Ward, Bennett and Grubb. *See* ECF 557.

## H. Settlement

### 1. The Global Settlement with Defendants, Plaintiffs and the *Lanier* Plaintiffs

101. While the Summary Judgment, *Daubert* and Reconsideration motions were fully briefed and pending before the Court, the parties engaged in prolonged arm's-length negotiations facilitated by Judge Phillips. First, Plaintiffs negotiated with all Defendants as a group. After that was unsuccessful, Plaintiffs negotiated with Ward separately from Bennett and Grubb. This approach proved successful. On June 4, 2021, Plaintiffs executed a confidential term sheet memorializing their agreement with Defendant Ward to settle the litigation and the *Lanier* action on a global basis in return for a cash payment of $18,750,000

for the benefit of the of the Class, subject to approval by the Court. Separately, on June 18, 2021, Plaintiffs reached an agreement in principle to settle the Action on a global basis with Defendants Bennett and Grubb for a cash payment of $17,000,000. The global settlement totaled $35,750,000.

**a. Plaintiffs' Arbitration with the *Lanier* Plaintiffs Apportioning the Global Settlement**

102. After reaching agreement on the global settlement with Defendants, Plaintiffs attempted to negotiate with the *Lanier* plaintiffs over how to split the settlement proceeds between the Action and the *Lanier* action. The parties were unable to reach an agreement, so Plaintiffs and the *Lanier* plaintiffs participated in an arbitration before Judge Phillips to resolve the allocation of settlement proceeds. In advance of the arbitration, plaintiffs from both actions submitted briefing and exhibits to Judge Phillips. On September 1, 2021, counsel from each case attended an arbitration proceeding (conducted remotely) before Judge Phillips. In addition to submitting the arbitration materials, counsel responded to specific questions posed by Judge Phillips based on the submissions, including the arbitration briefing, the dispositive motions filed in both cases, damages analyses, and other documents submitted by the parties.

103. Ultimately, Judge Phillips issued a ruling on the allocation of settlement proceeds between the Action and the *Lanier* action. Specifically, Judge Phillips ruled that the Action is entitled to $21,807,500 (or 61%) of the $35,750,000 global settlement and the *Lanier* action is to receive the remaining 39% of the global settlement proceeds.

104. Lead Counsel firmly believes that the Settlement represents a very favorable recovery for the Class. The proposed $21,807,500 Settlement will provide Class Members a benefit now without risking the possibility of dismissal or prevailing against Defendants after years of litigation and not being able to collect any judgment because of Defendants' inability to pay, or other unforeseen risks.

## III. PRELIMINARY APPROVAL OF THE SETTLEMENT AND MAILING AND PUBLICATION OF NOTICE OF SETTLEMENT

105. On November 12, 2021, Plaintiffs filed its unopposed Motion for Preliminary Approval of Class Action Settlement and brief in support. ECF 563, 564. In connection therewith, Plaintiffs requested that the Court approve the forms of notice, which, among other things, described the terms of the Settlement, advised Class Members of their rights in connection with the Settlement, set forth the Plan of Allocation, informed Class Members of the amount of attorneys' fees and expenses that Lead Counsel would request, and explained the procedure for filing a Proof of Claim and Release form ("Proof of Claim") in order to be eligible to receive a payment from the Net Settlement Fund.

106. By Order dated May 27, 2022, the Court preliminarily approved the terms of the Settlement and directed that Lead Counsel cause the mailing of the Notice and the Proof of Claim to all potential Class Members identifiable with reasonable effort. ECF 568. The Court's Preliminary Approval Order also directed Lead Counsel to cause the Summary Notice to be published once in *The Wall Street Journal* and once over a national newswire service. *Id.*

107. Submitted herewith is the Mahan Declaration, which attests that over 1,400 Notices have been mailed to potential Class Members and nominees and that the Summary Notice was published on June 3, 2022, as directed by the Court. Mahan Decl., ¶¶6-7, 10.

108. The Notice informed Class Members of, among other things, the terms of the Settlement, the Plan of Allocation, and that Lead Counsel would apply for an award of attorneys' fees not to exceed one-third of the Settlement Amount, plus expenses not to exceed $2,700,000, plus interest on each amount at the same rate earned on the Settlement Fund until paid, and that Plaintiffs would seek an aggregate award not to exceed $20,000.00 in connection with their representation of the Class.

109. The Notice states that objections to any aspect of the Settlement, the Plan of Allocation or the application for attorneys' fees and expenses must be filed by September 22, 2022. While the date for objections has not expired, to date, no objections have been filed by any Member of the Class to the Settlement, the Plan of Allocation or to the request for attorneys' fees and expenses. This fact supports Lead Counsel's conclusion that it obtained a highly favorable outstanding result for the Class under the circumstances.

## IV. FACTORS TO BE CONSIDERED IN SUPPORT OF SETTLEMENT

### A. The Settlement Was Fairly and Aggressively Negotiated by Counsel

110. As set forth above, the terms of the Settlement were negotiated by the parties at arm's-length through adversarial good faith negotiations. The Settlement was reached only after extensive settlement negotiations, including three in-person mediation sessions, numerous follow-up discussions, and an arbitration, all with the substantial assistance of

Judge Phillips. Consistent with the parties' hard-fought and aggressive litigation of the Action, Lead Counsel spent more than 25,000 hours investigating the allegations of wrongdoing and litigating Plaintiffs' claims, while at the same time pursuing settlement discussions throughout the stages of the Action.

111. The volume and substance of Lead Counsel's knowledge of the merits and potential weaknesses of Plaintiffs' claims are unquestionably adequate to support the Settlement. This knowledge is based on Lead Counsel's extensive investigation during the prosecution of the Action, the extensive briefing at every stage of the nearly 10-year litigation, culminating with exhaustive opposition briefing on Defendants' motions for summary judgment, and the extensive settlement negotiations, including, *inter alia*: (i) reviewing Defendants' public statements, SEC filings, regulatory filings and reports, and securities analysts' reports about SandRidge; (ii) reviewing media reports about SandRidge; (iii) researching the applicable law with respect to the claims asserted in the Action and the potential defenses thereto; (iv) understanding, reviewing and analyzing the documents and oil production data obtained from governmental authorities and incorporating it in the TAC in an easy-to-digest fashion; (v) engaging multiple experts on non-duplicative work; (vi) successfully opposing two rounds of Defendants' motions to dismiss and another motion to dismiss by SandRidge after discovery; (vii) actively monitoring and representing the interest of Plaintiffs and the Class in SandRidge's bankruptcy action, promptly advising the Court of same, and filing motions to lift the PSLRA stay were appropriate; (viii) engaging in extensive fact, class and expert discovery; (ix) obtaining an Order fully certifying the class; (x) fully briefing Defendants' *Daubert*, Reconsideration and Summary Judgment motions,

along with filing an affirmative *Daubert* motion; (xi) negotiating the Settlement with Defendants, including participating in three full-day mediations in-person, and multiple settlement discussions, facilitated by Judge Phillips; and (xii) participating in an arbitration with the *Lanier* plaintiffs in order to obtain 61% of the global settlement for the Class.

112. The Settlement avoids the hurdles Plaintiffs would have to clear in proving liability and damages if the Action continued, especially with regard to the significant costs and risks associated with further litigation of such a complex securities action and the very real risk of no recovery, even if Plaintiffs had obtained a large judgment that was upheld after likely appeals. In view of the significant risks and additional time and expense involved in taking the Action further in litigation, I respectfully submit that the Settlement is fair, reasonable, adequate and in the best interests of the Class.

113. As a result of the litigation efforts of Lead Counsel and the discussions that occurred during the parties' settlement negotiations, Lead Counsel was able to identify the issues that were critical to the outcome of this case. Lead Counsel has considered the risks of continued litigation, the likelihood of getting past the summary judgment motions and, if successful, the risk, expense, and length of time to prosecute the Action through trial and the inevitable subsequent appeals. Lead Counsel has also considered the substantial monetary benefit provided by the Settlement in light of the risk of continued litigation. Additionally, Lead Counsel considered the ability of the Defendants to fund a settlement now and in the future or to satisfy a judgment. Plaintiffs participated in this assessment, and were consulted with and kept apprised of the Settlement negotiations.

114. Lead Counsel is actively engaged in complex federal civil litigation, particularly the litigation of securities class actions. Lead Counsel believes that its reputation as attorneys who are unafraid to zealously carry a meritorious case through the trial and appellate levels gave it a strong position in engaging in settlement negotiations with Defendants.

115. I respectfully submit that the Settlement represents a highly favorable result for the Class. The Settlement will provide Class Members with a substantial benefit now without the risk of zero recovery if the Action were to continue and be unsuccessful.

### B. Serious Questions of Law and Fact Placed the Outcome of the Action in Significant Doubt

#### 1. Defendants Would Argue that Plaintiffs Could Not Prevail on Their Claims

116. Another factor considered in assessing the merits of class action settlements – whether serious questions of law and fact exist – supports the conclusion that the Settlement is fair, reasonable, and adequate to the Class.

117. Throughout the course of the Action and on summary judgment, Defendants asserted that they possessed defenses to Plaintiffs' claims. In particular, Defendants argued that Plaintiffs failed to plead material misstatements and omissions made with scienter. Although Plaintiffs believe that they effectively countered Defendants' arguments in their summary judgment opposition brief, Defendants' arguments would likely be renewed at trial. In turn, Lead Counsel recognizes that the finding of liability by a jury is never assured and could lead to no recovery in the Action.

118. While Plaintiffs believe their claims and allegations are sound, they nevertheless recognize they face substantial risks if the Action continued. Plaintiffs and Lead Counsel heavily considered and analyzed potential risks to continued litigation of the Action in determining the Settlement's fairness, and, in light of such risks, believe the Settlement is in the best interest of the Class.

119. The risks of establishing liability posed by conflicting testimony and evidence would be exacerbated by risks inherent in all shareholder litigation, including the unpredictability of a lengthy and complex jury trial, the risk that the jury would react to evidence in unforeseen ways, the risk that a jury would find that some or all of the alleged misrepresentations were not material and the risk that the jury would find that the Defendants disclosed all information that they were required to disclose in their public statements and that no damages were caused by their actions. Thus, Plaintiffs faced the risk that Defendants' arguments would find favor with a jury and result in the Class losing at trial and receiving no recovery.

**2. Defendants Would Argue that the Declines in SandRidge Common Stock Were Unrelated to the Fraud**

120. Plaintiffs also faced the risk that they would not be able to prove that their alleged damages were caused by the alleged misrepresentations and omissions – even if liability was established. Defendants would have likely continued to assert a loss causation defense that if accepted by the Court, would essentially end the prospect of any recovery.

121. In addition, Defendants maintained that even if their motions for summary judgment were denied, Plaintiffs would not be able to demonstrate loss causation because it

was their position that there were negative news items contemporaneously released with the fraud which Plaintiffs' loss causation expert did not fully account for, making it impossible to match the price declines on November 9, 2012 with the alleged fraud in the TAC.

122. Defendants also repeatedly argued that the Class Period could not have started on February 24, 2011 because the TAC does not plead an actionable claim against any Defendant until May 2012, a date they argued is when the first misstatements relating to the EUR commenced. Although Plaintiffs defeated this argument at the Class Certification stage, Defendants would have likely re-raised this argument at trial.

123. The determination of damages, like the determination of liability, is a complicated and uncertain process, typically involving conflicting expert opinions. Moreover, the reaction of the jury to such complex expert testimony is highly unpredictable. At trial, Defendants would have likely presented evidence that unforeseen forces outside Defendants' control (*i.e.*, changes in the market prices of oil and gas) caused the losses suffered by the Class.

### C. The Judgment of the Parties that the Settlement Is Fair and Reasonable Provides Additional Support for Approval of the Settlement

124. Another factor in considering whether to approve class action settlements is the judgment of the parties that the settlement is fair and reasonable. As outlined above, the Settlement is the product of arm's-length negotiations between adversaries with significant experience in securities class action litigation.

125. Lead Counsel strongly believes that the Settlement represents a highly favorable resolution for the Class under the circumstances. As outlined above, the

Settlement is fair, reasonable and adequate in all respects, and should be approved by the Court.

126. Furthermore, over 1,400 copies of the Notice have been mailed to potential Class Members and nominees. As of the date of this Declaration, no objections to the Settlement or the Plan of Allocation have been submitted by a Class Member. Should any objections be timely filed between the date of this Declaration and the final approval hearing, Lead Counsel will address them in its reply memorandum to be filed with the Court on or before September 29, 2022.

### D. The Settlement Amount in the Context of Total Damages Provides Additional Support for the Settlement

127. With the assistance of Plaintiffs' damages expert, Lead Counsel estimates that the Class' reasonable recoverable damages, if successful on all claims at trial, were between approximately $154.6 million and $193.4 million. The Settlement represents approximately 11.3% to 14.1% of this estimated amount. This is multiples above the 1.8% median ratio of settlement amount to estimated investor losses for securities class actions in 2021. *See* Janeen McIntosh and Svetlana Starykh, *Recent Trends in Securities Class Action Litigation: 2021 Full-Year Review*, at 24, Fig. 22 (NERA Economics Consulting, January 25, 2022).

## V. THE PLAN OF ALLOCATION

128. Pursuant to the Preliminary Approval Order and as set forth in the Notice, all Class Members who wish to participate in the distribution of the Net Settlement Fund must submit a timely and proper Proof of Claim form. As provided in the Stipulation, after

deducting all appropriate Notice and Administration Expenses, Taxes and Tax expenses, attorneys' fees and expenses and any award to Plaintiffs pursuant to 15 U.S.C. §78u-4(a)(4) in connection with their representation of the Class, the remainder of the Settlement Fund (the "Net Settlement Fund") shall be distributed among Authorized Claimants and Class Members who submit valid Proof of Claim forms according to the Plan of Allocation.

129. If approved, the Plan of Allocation, set forth in the Notice, will govern how the proceeds of the Net Settlement Fund will be distributed. The proposed Plan of Allocation provides that, to qualify for payment, a claimant must be, among other things, an eligible Member of the Class and must submit a valid Proof of Claim form that provides all of the requested information.

130. The proposed Plan of Allocation was formulated after consultation with Lead Counsel's in-house damages consultant in order to calculate a fair method to divide the Net Settlement Fund among the Class Members. The proposed Plan of Allocation is designed to fairly and rationally allocate the proceeds of this Settlement among the Class.

## VI. FACTORS TO BE CONSIDERED IN SUPPORT OF THE REQUESTED ATTORNEYS' FEE AWARD

131. Despite working on this matter for nearly a *decade*, Lead Counsel has not received any payment for its services in prosecuting the Action, nor has it been paid for its expenses incurred in the prosecution of the Action. The Notice provides that Lead Counsel may apply for an award of attorneys' fees not to exceed one-third of the Settlement Amount, plus expenses incurred in the Action in an amount not to exceed $2,700,000.

132. Lead Counsel achieved this highly favorable result for the Class at great risk and substantial expense to itself. Lead Counsel was unwavering in its dedication to the interests of the Class and its investment of the time and resources necessary to bring the Action to a successful conclusion against Defendants. Lead Counsel's compensation for the services rendered has always been wholly contingent. The requested fee is reasonable based on the result obtained and risks Lead Counsel faced throughout the Action.

133. Indeed, the result obtained by Lead Counsel is truly extraordinary given the obstacles that existed. Defendants have maintained throughout the Action that they had no liability. If the case survived Defendants' motions for summary judgment, of which there were no guarantees, went to trial, and the judgment was upheld on appeal, it would be years before any recovery would be received by the Class.

134. Lead Counsel's compensation for the services rendered was wholly contingent on its success. Demonstrating Lead Counsel's tremendous commitment to the Action, Lead Counsel and its paraprofessionals have devoted more than 25,000 hours to litigating the Action resulting in an aggregate lodestar of $17,658,997.00. As a result, Lead Counsel's request for an award of one-third of the Settlement Amount ($7,269,166.67) – a 0.40 negative lodestar multiplier – is a significant discount on the time actually spent litigating the Action. Courts have repeatedly recognized that the reasonableness of a fee request under the percentage method is reinforced where the requested percentage fee would represent a negative multiplier of the lodestar, as is the case here. The expenses incurred in the prosecution of the Action are set forth in the accompanying Declaration of Evan J. Kaufman Filed on Behalf of Robbins Geller Rudman & Dowd LLP in Support of Application for

Award of Attorneys' Fees and Expenses (the "Fee and Expense Declaration"). Lead Counsel's expenses are reflected in the books and records maintained by the firm and are an accurate recordation of the expenses incurred. In total, Lead Counsel incurred expenses in the amount of $2,395,291.30 to successfully prosecute the Action. I respectfully submit that all of these costs and expenses are reasonable and should be approved by the Court.

**A. Extent of Litigation**

135. As described above, this case was aggressively litigated and settled only after extensive settlement negotiations, including multiple formal and informal mediation sessions before Judge Phillips. Lead Counsel thoroughly researched the law applicable to the Class' claims and Defendants' defenses, conducted an intensive investigation which included consultation with experts, prepared and filed three fact-specific amended complaints specifying Defendants' alleged violations of the federal securities laws, actively monitored the bankruptcy case docket, opposed Defendants' motions to dismiss the case, engaged in extensive fact, class and expert discovery, fully certified the Class, fully briefed Defendants' *Daubert*, Reconsideration and Summary Judgment motions, along with filing an affirmative *Daubert* motion, participated in three full day mediation sessions with Defendants overseen by Judge Phillips, engaged in extensive follow-on settlement negotiations with Defendants to obtain a global settlement, and participated in an arbitration with the *Lanier* plaintiffs in order to obtain 61% of the global settlement. Lead Counsel's work in this case will, however, not cease after final approval of the Settlement. Lead Counsel anticipates spending significant time assisting Class Members with claims administration issues and in working

with the Claims Administrator to ensure a prompt distribution of the Net Settlement Fund to the Class.

**B. Standing and Expertise of Lead Counsel**

136. The expertise and experience of Lead Counsel is described in Exhibit G attached to the Fee and Expense Declaration. Lead Counsel is among the most experienced and skilled practitioners in the securities litigation field. The attorneys at Lead Counsel's firm have years of experience litigating securities class actions, and have been involved in cases that have recovered billions of dollars for shareholders.

**C. Standing and Caliber of Opposition Counsel**

137. Defendants are represented by very experienced counsel – Covington & Burling LLP and Latham & Watkins LLP– who aggressively spared no effort in the defense of their clients. Defendants' law firms vigorously defended their clients, insisted they had no liability and gave every indication they were ready to proceed with the litigation to trial, if necessary, if a settlement was not reached. In the face of this opposition, Lead Counsel developed its case so as to persuade Defendants to settle the case on a basis favorable to the Class under the circumstances.

**D. The Risks of Litigation and the Need to Ensure the Availability of Competent Counsel in High Risk, Contingent Securities Cases**

138. The Action was undertaken by Lead Counsel on a wholly contingent basis. From the outset, Lead Counsel understood that it was embarking on a complex, expensive, and lengthy litigation with no guarantee of ever being compensated for the enormous investment of time and money the case would require. In undertaking that responsibility,

Lead Counsel was obligated to ensure that sufficient attorney and paraprofessional resources were dedicated to the prosecution of the Action and that funds were available to compensate staff and the considerable costs which a case such as this entails.

139. Because of the nature of a contingent practice in securities litigation, where cases are predominantly "big cases" lasting several years, not only do contingent litigation firms have to pay regular overhead, but they also have to advance the expenses of the litigation. This does not even take into consideration the possibility of no recovery. As discussed above, from the outset, the Action presented a number of risks and uncertainties which could have prevented any recovery whatsoever. It is wrong to assume that a law firm handling complex contingent litigation such as this always wins. Thousands of hours have been expended in losing efforts. The factor labeled by the courts as "the risks of litigation" is not an empty phrase.

140. As discussed in the Fee Memorandum, there have been many hard-fought lawsuits where, because of the discovery of facts unknown when the case was commenced, changes in the law during the pendency of the case, or a decision of a judge following a trial on the merits, excellent professional efforts of members of the plaintiffs' bar produced no fee for counsel.

141. The foregoing refutes the argument that the commencement of a class action is a guarantee of a settlement and payment of a fee. Thus, there was a demonstrable risk that the Class and its counsel would receive nothing. It took hard and diligent work by skilled counsel, to develop facts and theories which persuaded Defendants to enter into serious

settlement negotiations. If defendants believe they will prevail, experience shows that they will litigate to the end. The risk factor is real.

142. When Lead Counsel undertook to act for Plaintiffs and the Class in this matter, it was with the knowledge that it would spend many hours of hard work against some of the best defense lawyers in the United States with no assurance of obtaining any compensation for its efforts. The benefits conferred on the Class by this Settlement are particularly noteworthy in that a Settlement Fund worth $21,807,500 was obtained for the Class despite the existence of substantial risks of no recovery in light of the forceful defense mounted by Defendants, and the practical other obstacles to obtaining a larger recovery after continued litigation.

## VII. CONCLUSION

For the reasons set forth above and in the accompanying Fee Memorandum and the Memorandum of Law in Support of Plaintiffs' Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation, I respectfully submit that: (a) the Settlement is fair, reasonable and adequate, and should be finally approved; (b) the Plan of Allocation represents a fair method for the distribution of the Net Settlement Fund among Class Members and should also be approved; and (c) the application for attorneys' fees of one-third of the proceeds of the Settlement and expenses in the amount of $2,399,866.02, plus

interest earned on each amount, and an award to Plaintiffs for their service to the Class should be granted in its entirety.

I declare under penalty of perjury that the foregoing is true and correct. Executed in Melville, New York, this 1st day of September, 2022.

s/ Evan J. Kaufman
EVAN J. KAUFMAN

CERTIFICATE OF SERVICE

I hereby certify that on September 1, 2022, I electronically transmitted the attached Declaration of Evan J. Kaufman in Support of Plaintiffs' Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation and Lead Counsel's Application for an Award of Attorneys' Fees and Expenses and Awards to Plaintiffs Pursuant to 15 U.S.C. §78u-4(a)(4) using the ECF system for filing, which will send notification of such filing to all counsel registered through the ECF System.

s/ Evan J. Kaufman
EVAN J. KAUFMAN