

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE CRONOS GROUP INC.
SECURITIES LITIGATION

Civil Action No. 2:20-cv-01310-ENV-JMW

**MEMORANDUM OF LAW IN SUPPORT OF LEAD PLAINTIFF'S
MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT
AND PLAN OF ALLOCATION**

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Court-appointed Lead Plaintiff Keith D. Norman (“Lead Plaintiff”), on behalf of himself and the proposed Settlement Class, submits this memorandum of law in support of his motion, pursuant to Fed. R. Civ. P. 23, for: (i) final approval of the proposed Settlement of the above-captioned class action (the “Action”) pursuant to the terms of the Stipulation and Agreement of Settlement, dated December 2, 2025 (the “Stipulation”; ECF No. 78-3); (ii) approval of the proposed Plan of Allocation for distribution of the Net Settlement Fund; and (iii) final certification of the Settlement Class.¹

PRELIMINARY STATEMENT

If approved, the proposed Settlement will provide a recovery of \$10,000,000 in cash to resolve this securities class action, pending against defendants Cronos Group Inc. (“Cronos” or the “Company”), Michael Gorenstein, and Jerry F. Barbato (collectively, “Defendants”). The terms of the proposed Settlement are set forth in the Stipulation, which was entered into by Lead Plaintiff and Defendants.

The Settlement is a very favorable result for the Settlement Class. As described below and in the accompanying Declaration of Jake Bissell-Linsk (“Bissell-Linsk Declaration”), the decision to settle was informed by a well-founded understanding of the strengths and weaknesses of the claims, developed over the span of nearly six years of litigation.²

¹ All capitalized terms used in this memorandum that are not defined have the same meanings as in the Stipulation. Unless otherwise noted, citations and internal quotations have been omitted.

² The Court is respectfully referred to The Bissell-Linsk Declaration for a detailed description of, *inter alia*: the history of the Action; the nature of the claims asserted; the litigation efforts; the negotiations leading to the Settlement; and the risks and uncertainties of continued litigation. Citations to “¶” in this memorandum refer to paragraphs in the Bissell-Linsk Declaration.

All exhibits are annexed to the Bissell-Linsk Declaration. For clarity, citations to exhibits that themselves have attached exhibits will be referenced as “Ex. ____ - ____.” The first numerical reference is to the designation of the entire exhibit attached to the Bissell-Linsk Declaration and the second reference is to the exhibit designation within the exhibit itself.

While Lead Plaintiff believes the Settlement Class's claims are strong, he recognizes there were significant risks to continued litigation and trial. For example, the risk of losing this nearly six-year-old case is exemplified by the Court's November 11, 2023 order granting Defendants' motion to dismiss the complaint ("MTD Order"). ECF No. 57. Thus, there was a very strong possibility that the case would yield little or no recovery after many years of costly litigation. Despite these risks, Lead Plaintiff successfully negotiated the \$10 million Settlement, which represents a recovery of approximately 4% to 7% of the allegedly recoverable damages. When balanced against the many risks of continued litigation, there can be no doubt that the Settlement is substantively fair, reasonable, and adequate.

The Settlement has the full support of Lead Plaintiff, a sophisticated investor that was actively involved throughout the litigation, diligently representing the Settlement Class. *See* Declaration of Keith D. Norman, Ex. 1.

The proposed Plan of Allocation for the distribution of the proceeds of the Settlement was developed with Lead Plaintiff's damages expert and is a fair and reasonable method for distributing the Net Settlement Fund to eligible Claimants and should also be approved by the Court.

Given the foregoing considerations and the factors addressed below, Lead Plaintiff respectfully submits that: (i) the Settlement meets the standards for final approval under Rule 23(e)(2) because it is a fair, reasonable, and adequate result for the Settlement Class; (ii) the Plan of Allocation is a fair and reasonable method for allocating the Net Settlement Fund to Settlement Class Members who submit valid Claim Forms; and (iii) the Settlement Class should be finally certified, pursuant to Rule 23(a) and (b)(3).

PRELIMINARY APPROVAL AND THE NOTICE PROGRAM

By order dated August 4, 2026, the Court preliminarily approved the Settlement, preliminarily certified the Settlement Class, and approved the forms and methods of providing

notice to the Settlement Class (“Preliminary Approval Order”). ECF No. 95.³ Pursuant to, and in compliance with, the Preliminary Approval Order, beginning on September 9, 2026, the Court-appointed Claims Administrator A.B. Data, Ltd. (“A.B. Data”), caused the Postcard Notice to be disseminated to potential Settlement Class Members and banks, brokers, and other nominees (“Nominees”). *See* Declaration of Kathleen Brauns Regarding: (A) Mailing of the Postcard Notice; (B) Publication of the Summary Notice; (C) Establishment of Settlement Website and Call Services; and (D) Report on Exclusions and Objections Received to Date, dated October 14, 2026 (“Mailing Decl.”), Ex. 2 at ¶¶2-12. To date, the Postcard Notice has been disseminated (by mail, email, or email link to the Settlement Website) to 236,661 Settlement Class Members and nominees. *Id.*, ¶12. On September 23, 2026, the Summary Notice was published in *The Wall Street Journal* and *The Globe and Mail*, posted digitally in *La Presse* and disseminated over *PR Newswire* and *Canada News Wire*. *Id.*, ¶13.

The Claim Form, Postcard Notice, and the long-form Notice, along with the Stipulation and other Settlement related documents, were posted on a website for the Settlement established by A.B. Data. *Id.*, ¶¶14-16. The website also provides important dates and deadlines in connection with the Settlement. *Id.* Copies of the Stipulation, Postcard Notice, long-form Notice, and Claim Form are also available on Lead Counsel’s website, www.labaton.com. ¶70.

To date, reaction to the Settlement has been very positive. While the deadline (October 29, 2026) for objecting and seeking exclusion has not yet passed, there have been no objections to the Settlement and no requests for exclusion. Should any be received, Lead Plaintiff will address them in his reply papers, which are due to be filed with the Court on November 12, 2026.

³ In the Preliminary Approval Order, the Court provisionally certified the proposed Settlement Class pursuant to Fed. R. Civ. P. 23(a) and (b)(3). Nothing has occurred to alter the propriety of that determination.

ARGUMENT

I. THE PROPOSED SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE, AND WARRANTS FINAL APPROVAL

A. The Law Favors and Encourages Settlement of Class Action Litigation

Public policy favors the settlement of disputed claims among private litigants, particularly in class actions. *See Wal-Mart Stores, Inc. v. Visa U.S.A. Inc.*, 396 F.3d 96, 116 (2d Cir. 2005) (“We are mindful of the ‘strong judicial policy in favor of settlements, particularly in the class action context.’”). *See also Rosi v. Aclaris Therapeutics, Inc.*, 2021 WL 5847420, at *8 (S.D.N.Y. Dec. 9, 2021) (“[c]ourts have recognized a public policy benefit in rewarding attorneys that bring successful securities actions that foster the enforcement of the federal securities laws”). This policy would be well-served by approval of the Settlement of this securities class action, which, absent resolution, could consume years of additional resources of this Court.

B. The Standards for Final Approval

Rule 23(e) of the Federal Rules of Civil Procedure provides that a class action settlement must be presented to the Court for approval. The Settlement should be approved if the Court finds it “fair, reasonable, and adequate.” Fed. R. Civ. P. 23(e)(2). In ruling on final approval of a class settlement, courts in the Second Circuit have held that a court should examine both the negotiating process leading to the settlement and the settlement’s substantive terms. *See Wal-Mart Stores*, 396 F.3d at 116; “In conducting this inquiry, courts consider the substantive and procedural fairness of a proposed settlement to determine ‘whether ‘the terms of the settlement and the negotiation process leading up to it are fair.’” *In re 3D Sys. Sec. Litig.*, 2024 WL 50909, at *5 (E.D.N.Y. Jan. 4, 2024). Rule 23(e)(2) provides that a court may approve a class settlement as “fair, reasonable, and adequate” after considering whether:

- (A) the class representatives and class counsel have adequately represented the class;

- (B) the proposal was negotiated at arm's length;
- (C) the relief provided for the class is adequate, taking into account:
 - i. the costs, risks, and delay of trial and appeal;
 - ii. the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims;
 - iii. the terms of any proposed award of attorneys' fees, including timing of payment; and
 - iv. any agreement required to be identified under Rule 23(e)(3);⁴ and
- (D) the proposal treats class members equitably relative to each other.

Rule 23, as amended in December 2018, has not changed the established overall standard for approving a proposed class action settlement, *i.e.*, evaluating whether it is fair, adequate, and reasonable. Fed R. Civ. P. 23(e)(2). In *City of Detroit v. Grinnell Corp.*, which predates the Rule 23 amendments, the Second Circuit held that the following factors should be considered in evaluating a class action settlement:

(1) the complexity, expense and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class action through the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible

⁴ The Parties executed their Term Sheet on June 1, 2025, and on December 2, 2025 they entered into a confidential Supplemental Agreement Regarding Requests for Exclusion (the "Supplemental Agreement"). The Supplemental Agreement sets forth the conditions under which Defendants have the option to terminate the Settlement in the event that requests for exclusion from the Settlement Class exceed a certain agreed-upon threshold. As is standard in securities class actions, the Supplemental Agreement is kept confidential in order to avoid incentivizing the formation of a group of opt-outs for the sole purpose of leveraging a larger individual payment. *See In re N. Dynasty Mins. Ltd. Sec. Litig.*, 2023 WL 5511513, at *7 (E.D.N.Y. Aug. 24, 2023). Pursuant to its terms, the Supplemental Agreement may be submitted to the Court *in camera* or under seal. (The Parties also entered into agreement to maintain the confidential status of their mediation efforts, but this preceded the Settlement and is not most properly seen as an agreement in connection with the proposed Settlement).

recovery; [and] (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation.

495 F.2d 448, 463 (2d Cir. 1974).

The Advisory Committee Notes to the 2018 amendments to Rule 23 indicate that the Rule 23(e) factors are not intended to “displace” any factor previously adopted by the Second Circuit, but “rather to focus the court and the lawyers on the core concerns of procedure and substance that should guide the decision whether to approve the proposal.” Fed. R. Civ. P. 23(e)(2) Advisory Comm. Notes to 2018 Amendments. Indeed, “[t]he Court understands the new Rule 23(e) factors to add to, rather than displace, the *Grinnell* factors.” *In re Payment Card Interchange Fee & Merch. Disc. Antitrust Litig.*, 330 F.R.D. 11, 29 (E.D.N.Y. 2019); *Moses v. N.Y. Times Co.*, 79 F.4th 235, 243 (2d Cir. 2023) (“Rule 23(e)(2) does not displace our traditional *Grinnell* factors, which remain a useful framework for considering the substantive fairness of a settlement.”); *see also In re Turquoise Hill Res. Ltd. Sec. Litig.*, 2025 WL 2984717, at *5 (S.D.N.Y. Oct. 23, 2025) (“Most of the requirements set forth in the amendments to Rule 23(e)(2) have long been incorporated in the nine-factor test adopted by the Second Circuit in [*Grinnell*].”). Accordingly, Lead Plaintiff will discuss the fairness, reasonableness, and adequacy of the Settlement principally in relation to the Rule 23(e)(2) factors and will also discuss the application of relevant, non-duplicative factors traditionally considered by the Second Circuit.

1. Lead Plaintiff and Lead Counsel Have Adequately Represented the Settlement Class

In determining whether to approve a class action settlement, a court must consider whether the “class representatives and class counsel have adequately represented the class.” Rule 23(e)(2)(A). In assessing adequacy, “the primary factors are whether the class representatives have any interests antagonistic to the interests of other class members and whether the representatives have an interest in vigorously pursuing the claims of the class.” *In re Patriot Nat’l, Inc. Sec. Litig.*,

828 F. App'x 760, 764 (2d Cir. 2020). Lead Plaintiff, like all other members of the Settlement Class, purchased or otherwise acquired the publicly traded common stock of Cronos on the NASDAQ, or any other public U.S. market for trading stocks, during the Class Period and was allegedly damaged thereby. Thus, the claims of the Settlement Class and Lead Plaintiff would prevail or fail in unison, and the common objective of maximizing recovery from Defendants aligns their interests. *See, e.g., In re Polaroid ERISA Litig.*, 240 F.R.D. 65, 77 (S.D.N.Y. 2006) (“Where plaintiffs and class members share the common goal of maximizing recovery, there is no conflict of interest between the class representatives and other class members.”).

In pursuing these objectives over nearly six years, Lead Plaintiff was an active and informed participant in the litigation and, among other things: regularly conferred with counsel concerning overall strategy for prosecuting the Action; reviewed periodic updates and other correspondence from counsel; reviewed pleadings and court filings, including briefing on Defendants’ motions to dismiss and the motion for reconsideration; participated virtually in the May 16, 2025 mediation session; and analyzed and responded to Defendants’ settlement proposals over the course of the mediation efforts, including and authorizing acceptance of the Settlement. Ex. 1, ¶¶5, 10. As an active participant, Lead Plaintiff was engaged at each step of the litigation.

Throughout the Action Lead Plaintiff was informed and had the benefit of the advice of knowledgeable counsel well-versed in securities litigation. Labaton Keller Sucharow LLP (“Labaton”) is highly qualified and experienced in securities litigation, as set forth in its firm resume (*see* Ex. 5-C) and was able to conduct the litigation successfully against skilled opposing counsel. Courts give “great weight” to the opinion of experienced and informed counsel. *In re Signet Jewelers Ltd. Sec. Litig.*, 2020 WL 4196468, at *4 (S.D.N.Y. July 21, 2020); *City of*

Providence v. Aeropostale Inc., 2014 WL 1883494, at *5 (S.D.N.Y. May 9, 2014), *aff'd*, *Arbuthnot v. Pierson*, 607 F. Appx. 73 (2d Cir. 2015).

Lead Counsel diligently prosecuted the Action and considered the benefits of a resolution before agreeing to a settlement. Lead Counsel developed a deep understanding of the facts of the case and merits of the claims through: (i) a comprehensive investigation; (ii) engaging with experts in the cannabis industry, accounting, and damages; (iii) overcoming a dismissal of the Action in response to Defendants' motion to dismiss by successfully moving for reconsideration; and (iv) engaging in arm's-length negotiations between experienced counsel. *See generally* Bissell-Linsk Decl., Sections III-IV. Accordingly, the Settlement Class has been, and remains, well represented.

2. The Settlement Was Reached After Arm's-Length Negotiations

In weighing approval of a class-action settlement, the Court must consider whether the settlement "was negotiated at arm's length." Fed. R. Civ. P. 23(e)(2)(B). "Courts have traditionally considered other related circumstances in determining the 'procedural' fairness of a settlement, including: (i) counsel's understanding of the strengths and weakness of the case based on factors such as the stage of the proceedings and the amount of discovery completed, (ii) the absence of any indication of collusion in the settlement negotiations, and (iii) a mediator's involvement in the negotiations." *In re Signet Jewelers Ltd. Sec. Litig.*, 2020 WL 4196468, at *3.

As noted above, the Parties and their counsel were well informed about the strengths and weaknesses of the case before agreeing to settle. *See supra* Section I.B.1.; *see also* Bissell-Linsk Decl., Sections III-V. Lead Plaintiff and Lead Counsel evaluated the potential risks in the case and negotiated vigorously to secure the \$10 million recovery.

Furthermore, the proposed Settlement was achieved following a mediation session before Robert Meyer of JAMS (the "Mediator"), a highly regarded and experienced mediator. *See* Bissell-Linsk Decl., Section IV. Courts have long recognized the importance of arm's-length negotiations

in connection with a settlement. *See, e.g., In re Bear Stearns Cos., Sec. Derivative & ERISA Litig.*, 909 F. Supp. 2d 259, 265 (S.D.N.Y. 2012) (finding a settlement fair where the parties engaged in “arm’s length negotiations,” including mediation before an experienced and well-regarded mediator of complex securities cases); *Yang v. Focus Media Holding Ltd.*, 2014 WL 4401280, at *5 (S.D.N.Y. Sept. 4, 2014) (participation of highly qualified mediator “strongly supports a finding that negotiations were conducted at arm’s length and without collusion”).

In early 2025, prior to Lead Plaintiff serving his motion to dismiss opposition, the Parties began to explore the possibility of reaching a negotiated resolution and engaged Robert Meyer of JAMS to mediate. On May 16, 2025, the Parties engaged in a full-day, in person mediation session with the Mediator. Although the Parties did not reach an agreement to settle at that time, they continued negotiations with the assistance of the Mediator. On May 19, 2025, the Mediator made a formal Mediator’s proposal that the Parties settle on terms, including a \$10 million settlement payment, subject to documentation and Court approval. Each of the Parties accepted the Mediator’s proposal. On June 1, 2025, after further discussions, the Parties executed the Term Sheet and on December 2, 2025, they executed the Stipulation. ¶¶45-47. The negotiations were at all times at arm’s-length. *See In re N. Dynasty Mins. Ltd. Sec. Litig.*, 2023 WL 5511513, at *7 (E.D.N.Y. Aug. 24, 2023) (noting that several courts in this circuit have held that Mr. Meyer’s involvement has supported a finding that settlement negotiations were at arm’s length).

3. The Relief Provided by the Settlement Is Adequate

The Court must consider whether “the relief provided for the class is adequate, taking into account ... the costs, risks, and delay of trial and appeal,” as well as other relevant factors. Fed. R. Civ. P. 23(e)(2)(C). This assessment implicates several *Grinnell* factors, including: “(i) the complexity, expense and likely duration of the litigation; (ii) the risks of establishing liability; (iii) the risks of establishing damages; and (iv) the risks of maintaining the class through the trial.” *In*

re Payment Card Interchange Fee, 330 F.R.D. at 36.

(a) The Complexity, Costs, Risks, and Likely Duration of the Litigation Support Approval of the Settlement

In assessing the fairness, reasonableness, and adequacy of a settlement, courts should consider the “risks of establishing liability [and] the risks of establishing damages.” *Grinnell*, 495 F.2d at 463. In most cases, this will be the most important factor for a court to consider in its analysis of a proposed settlement. *See id.* at 455. Securities class actions like this one are by their nature “inherently complex.” *In re N. Dynasty Mins. Ltd. Sec. Litig.*, 2023 WL 5511513, at *7. District courts have long recognized that “[a]s a general rule, securities class actions are notably difficult and notoriously uncertain to litigate.” *In re Facebook, Inc. IPO Sec. & Derivative Litig.*, 2015 WL 6971424, at *3 (S.D.N.Y. Nov. 9, 2015), *aff’d sub nom. In re Facebook, Inc.*, 674 F. App’x 37 (2d Cir. 2016); *In re Bear Stearns*, 909 F. Supp. 2d at 266; *In re Signet Jewelers Ltd. Sec. Litig.*, 2020 WL 4196468, at *4 (“[I]n evaluating the settlement of a securities class action, federal courts, ‘have long recognized that such litigation is notably difficult and notoriously uncertain.’”). “Accordingly, ‘[c]lass action suits readily lend themselves to compromise because of the difficulties of proof, the uncertainties of the outcome, and the typical length of the litigation.” *Pearlstein v. BlackBerry Ltd.*, 2022 WL 4554858, at *3 (S.D.N.Y. Sept. 29, 2022).

Lead Plaintiff and Lead Counsel believe the claims asserted are strong. However, they acknowledge the expense and duration of continued proceedings necessary to pursue their claims against Defendants through the motion to dismiss, class certification, additional dispositive motion practice, completion of fact and expert discovery, trial, and highly likely appeals regardless of the outcome at trial, and the substantial challenges they would face in establishing liability, loss causation, and damages. *See, e.g., Gross v. GFI Grp., Inc.*, 784 F. App’x 27, 29 (2d Cir. 2019) (affirming summary judgment, after nearly five years of litigation, on the alternative ground that

Defendant's statement was not materially false or misleading despite the trial court twice finding the statement actionable); *see also In re Initial Pub. Offering Sec. Litig.*, 671 F. Supp. 2d 467, 481 (S.D.N.Y. 2009) (finding that the complexity, expense, and duration of continued litigation support final approval where, among other things "motions would be filed raising every possible kind of pre-trial, trial and post-trial issue conceivable"); *Strougo ex rel. Brazilian Equity Fund, Inc. v. Bassini*, 258 F. Supp. 2d 254, 261 (S.D.N.Y. 2003) ("the passage of time would introduce yet more risks . . . and would, in light of the time value of money, make future recoveries less valuable than this current recovery"). Indeed, Defendants would have put forth a competing narrative that, *inter alia*, calls into question the falsity and materiality of the alleged misstatements by reframing Cronos' overstated revenue in an analysis based on a more holistic view of the Company's business.

Trial of the claims would have required extensive expert testimony on issues related to falsity, materiality, achieving and maintaining class certification, and proving damages. Courts regularly observe that these sorts of disputes—requiring dueling testimony from experts—are particularly difficult for plaintiffs to litigate. *See, e.g., In re Telik, Inc. Sec. Litig.*, 576 F. Supp. 2d 570, 579-80 (S.D.N.Y. 2008) (in a "battle of experts, it is virtually impossible to predict with any certainty which testimony would be credited ...").

As discussed in greater detail below, Lead Plaintiff faced significant challenges with respect to establishing falsity, materiality, scienter, and loss causation to sustain the securities fraud claims through Defendants' motion to dismiss, class certification, summary judgment, and trial.

(i) Risks to Proving Scienter

Scienter is regarded as the "most difficult [element to prove] and controversial aspect of a securities fraud claim" (*see Fishoff v. Coty Inc.*, 2010 WL 305358, at *2 (S.D.N.Y. Jan. 25, 2010)), *aff'd*, 634 F.3d 647 (2d Cir. 2011) because plaintiffs usually must rely on circumstantial evidence concerning an adverse witness's state of mind. Although the Court previously dismissed the case

on scienter grounds, Lead Plaintiff believes the allegations regarding scienter were sufficient at the pleading stage. Lead Plaintiff's theory relied on imputing Cronos's former chief commercial officer William Hilson's scienter to the Company and on the additional allegations concerning Hilson's alleged misconduct reframing the strength of the inference of scienter as to the Individual Defendants. However, even with further factual development, Defendants could have argued either (or both) that Hilson himself did not act with scienter or that his scienter could not be imputed to Cronos, whether because he acted as a rogue employee or for any other reason. Defendants also could have disputed whether the individual defendants knew of, or recklessly disregarded, the accounting errors when the challenged statements were made. Thus, even if the case had proceeded, Lead Plaintiff would have faced substantial hurdles in ultimately establishing scienter as required under the Exchange Act. ¶58.

Relatedly, Defendants could have pointed to the lack of stock sales by the Individual Defendants, Cronos' strong cash capitalization, and overall market position/strategy, to argue that any misstatements were either unintentional or the result of a rogue employee. ¶59. While Lead Plaintiff submits he would have strong counterarguments to each of these points, they are illustrative of the risks and uncertainties continued litigation would have presented.

(ii) Risks Related to Proving Liability: Material Falsity

To prevail on their Section 10(b) claims, Lead Plaintiff bears the burden of proving that the challenged statements were materially false or misleading when made. While Lead Plaintiff submits that Cronos' overstated revenue was firmly material when viewed as a percentage of revenue in the affected period, Defendants likely would have persuasive arguments to reframe the analysis based on a more holistic view of the business. Specifically, while Cronos' revenue growth was a key metric upon which it was valued, Defendants could have argued that due to its status as a cannabis firm, its overall valuation was predominately based on macro factors affecting the

industry (e.g., regulations) and perceived ability of the firm to capitalize on those macro trends. Defendants could also have argued that they had just received a \$1.8 billion investment, while the restatement amount was only in the mid-seven figures. This competing narrative would have posed substantial challenges when presenting this case – involving just a few discrete transactions that were improperly accounted for by Cronos – to a fact finder. ¶60.

(iii) Risks Related to Proving Loss Causation and Damages

After overcoming the hurdles involved in proving scienter and material falsity with respect to the alleged misstatements, Lead Plaintiff and the class faced ongoing challenges with respect to proving the market impact of the alleged misstatements and corrective events – which would have manifested in arguments concerning loss causation, reliance, materiality, and damages. ¶¶61-64; *see Dura Pharms., Inc. v. Broudo*, 544 U.S. 336, 345-46 (2005) (plaintiffs bear burden of proving “that the defendant’s misrepresentations ‘caused the loss for which the plaintiff seeks to recover’”).

For example, the corrective events in this Action occurred between February 24, 2020 and March 30, 2020. This period overlaps closely with the onset of the COVID-19 pandemic, which caused substantial market turmoil. These events would have made economic arguments concerning the effects of corrective disclosures far more challenging to present at the merits stage. Additionally, the alleged corrective disclosures occurred in a piecemeal fashion that would have posed substantial challenges. Cronos first announced it would delay its earnings release, then filed an incomplete placeholder 10-K, then announced an expected restatement and further delay, and then released the restatement. Defendants would likely have made persuasive arguments challenging what new information was conveyed by each of these events, whether the market’s reaction to any of them was corrective of the alleged fraud, and what extent of any price reaction following those events corresponded to artificial inflation maintained by the alleged fraud being removed from the stock price by the market. ¶61.

While Lead Plaintiff would have had answers and arguments as to each of these points, they posed an unusually substantial challenge, especially when coupled with the complex market environment, to proving issues concerning market impact on the merits. The market macro environment, Cronos' positioning within the Cannabis market, and the corrective events at issue, would have made establishing loss causation, damages, and materiality challenging not only under the Exchange Act claims asserted in this Action but also with respect to the other potential claims — *e.g.*, those asserted in the Ontario Action — arising from the facts in this Action. (The Ontario Court accepted many of these arguments at an early stage of the case when denying leave to proceed, although this decision was reversed on appeal on legal grounds.). ¶62.

Lead Plaintiff's damages and loss causation consulting expert estimated, using a proportional two-trader model (supplemented by institutional trading data), that if each viable corrective event were fully credited, maximum damages in the Action would have been approximately \$260 million. However, this estimate could have fallen drastically in several scenarios, including: if one or more corrective disclosure was not credited, if the loss following one or more event was found to be partially caused by other factors, or if a less favorable abnormal return were calculated following corrective events due to a different selection of peer indexes or regression analysis. ¶63. For example, Cronos' stock actually increased slightly on a typical closing-price-to-closing-price basis following the alleged corrective disclosure on March 17, 2020. The calculation assumes the drop is analyzed based on the closing price on March 17, 2020 and the opening price on March 18, 2020. Lead Plaintiff has arguments as to why that measurement is appropriate, but it would be difficult to persuade a fact finder of this point at trial. Removing the March 17 corrective event was estimated to reduce damages to approximately \$200 million. If only the two corrective events with the clearest statistically significant price decline were credited,

damages could easily reduce to under \$140 million, even before disaggregation of non-fraud related factors. ¶64. Using these figures as benchmarks, the \$10 million recovery represents approximately 4% of the high-end estimate and about 7% of the more plausible \$140 million estimate. ¶65. This recovery is a very favorable result for the Settlement Class in light of the Action's risks.

Defendants would have put forth well-qualified experts of their own to show that damages were significantly less. As courts have long recognized, the substantial uncertainty as to which side's experts might be credited by a jury presents a serious litigation risk. *See, e.g., Facebook*, 2015 WL 6971424, at *5 (“[D]amages would be subject to a battle of the experts, with the possibility that a jury could be swayed by experts for Defendants, who could minimize or eliminate the amount [of] Plaintiffs’ losses. Under such circumstances, a settlement is generally favored over continued litigation.”).

(iv) Risks Regarding Class Certification

While Lead Plaintiff and Lead Counsel are confident the Settlement Class meets the requirements for certification, a class has not yet been certified and Defendants would undoubtedly challenge, *inter alia*: (i) the length of the alleged class period; (ii) whether there was front and/or back-end price impact; and (iii) whether Lead Plaintiff's trading in Cronos securities was typical. Lead Plaintiff is aware there is a risk the Court could disagree with their arguments or accept those of Defendants. Additionally, class certification can be reviewed and modified at any time by a court before final judgment. *See Fed. R. Civ. P. 23(c)(1)(C)*. The Settlement avoids any uncertainty with respect to maintaining certification through trial and on appeal. *See In re Initial Pub. Offering Sec. Litig.*, 260 F.R.D. 91, 118 (S.D.N.Y. 2009) (“decertification is always a likely possibility during trial in complex class actions such as these. These factors therefore weigh in favor of preliminary approval.”).

(b) The Effective Process for Distributing Relief to the Settlement Class

Rule 23(e)(2)(C)(ii) instructs courts to consider whether the relief provided to the class is adequate in light of the “effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims.” Here, the proceeds of the Settlement will be distributed with the assistance of an experienced claims administrator, A.B. Data. The Claims Administrator will employ a well-tested protocol for the processing of claims in a securities class action. Namely, class members can submit, either by mail or online using the Claims Administrator’s website, the Court-approved Claim Form. Based on the trade information provided by Claimants, the Claims Administrator will determine each Claimant’s eligibility to recover by, among other things, calculating their respective “Recognized Claims” based on the Court-approved Plan of Allocation,⁵ and ultimately determine each eligible Claimant’s *pro rata* portion of the Net Settlement Fund. *See* Stipulation at ¶28; Ex. 2-B at ¶¶76-91. Lead Plaintiff’s claims will be reviewed in the same manner. Claimants will be notified of any defects or conditions of ineligibility and be given the chance to contest the rejection of their claims. Stipulation at ¶34(d)-(e). Any claim disputes that cannot be resolved will be presented to the Court. *Id.*

After the Settlement reaches its Effective Date (*id.* at ¶43) and the claims process is completed, Authorized Claimants will be issued payments. If there are unclaimed funds after the initial distribution, and it would be feasible and economical to conduct a further distribution, the Claims Administrator will conduct a further distribution of remaining funds (less the estimated expenses for the additional distribution, Taxes, and unpaid Notice and Administration Expenses). Additional distributions will proceed in the same manner until it is no longer economical to

⁵ Approval of the Plan of Allocation is discussed in Section II., below.

conduct further distributions. Thereafter, Lead Plaintiff recommends that any *de minimis* balance that still remains in the Net Settlement Fund, after payment of any outstanding Notice and Administration Expenses, be contributed to the Council of Institutional Investors (“CII”), a non-sectarian, not-for-profit organization serving the public interest, or such other non-sectarian, not-for-profit organization approved by the Court. *Id.* at ¶31.⁶

(c) The Requested Attorneys’ Fees and Expenses Are Reasonable

As discussed in the accompanying Fee Memorandum, the requested attorneys’ fees of 33% of the Settlement Fund, payable as ordered by the Court, and Litigation Expenses are reasonable in light of the recovery achieved, counsel’s efforts, and the risks in the litigation. Most importantly, with respect to the Court’s consideration of the fairness of the Settlement, neither Lead Plaintiff nor Lead Counsel may cancel or terminate the Settlement based on this Court’s or any appellate court’s ruling with respect to attorneys’ fees and/or litigation expenses.

4. Application of the Remaining *Grinnell* Factors Supports Approval

(a) The Ability of Defendants to Withstand a Greater Judgment

While it is Lead Plaintiff’s understanding that Cronos could withstand a judgment in excess of \$10 million, courts generally do not find the ability of a defendant to withstand a greater judgment to be an impediment when the other factors favor the settlement. *See, e.g., In re Veeco Instruments Inc. Sec. Litig.*, 2007 WL 4115809, at *11 (S.D.N.Y. Nov. 7, 2007) (“this factor alone does not prevent the Court from approving the Settlement where the other *Grinnell* factors are

⁶ CII is a 501(c) nonprofit, nonpartisan association of pension funds and other employee benefit funds, foundations, and endowments with combined assets that exceed \$5 trillion that seeks to educate its members, policymakers, and the public about corporate governance, shareowner rights, and related investment issues. www.cii.org. Members of CII influence regulators, hold discussions with companies, and participate in litigation where necessary to effect change on these issues. CII has developed an extensive body of corporate governance best practices. CII has been approved as a *cy pres* beneficiary in several securities class actions, such as *Royal Ahold* (D. Md.), *Hewlett-Packard* (C.D. Cal), and *In re Barclays PLC Sec. Litig.* (S.D.N.Y.).

satisfied”).

(b) The Reaction of the Settlement Class to Date

The reaction of a class to a proposed settlement is a significant factor in considering its fairness and adequacy. *See, e.g., Bear Stearns*, 909 F. Supp. 2d at 266-67. Here, the Court-appointed Claims Administrator mailed and emailed Postcard Notices to potential Settlement Class Members and their nominees. The Claims Administrator also emailed a link to the Settlement Website to nominees who requested it. *See* Ex. 3, ¶¶2-12. As of October 14, 2026, notice of the Settlement has been disseminated to 236,661 potential Settlement Class Members and nominees which includes mailed and emailed Postcard Notices and emailed links to the Settlement Website. *Id.*, ¶12. In addition, on September 23, 2026, the Summary Notice was disseminated through *The Wall Street Journal*, *The Globe and Mail*, and *La Presse* (in French), and over the internet using *PR Newswire* and *Canada News Wire*. *Id.*, ¶13.

While the deadline set by the Court (October 29, 2026) has not yet passed, to date, no objections to the Settlement or requests for exclusion have been received. ¶13; Ex. 2, ¶¶18-20; *see In re Warner Chilcott Ltd. Sec. Litig.*, 2009 WL 2025160, at *2 (S.D.N.Y. July 10, 2009) (no class member objections since preliminary approval supported final approval). As provided in the Preliminary Approval Order, Lead Plaintiff will file his reply papers no later than November 12, 2026 addressing any objections to the Settlement and any requests for exclusion.

(c) The Stage of the Proceedings and the Amount of Information Available to Counsel Support Approval of the Settlement

“[A] sufficient factual investigation must have been conducted to afford the Court the opportunity to ‘intelligently make ... an appraisal of the Settlement.’” *Puddu v. 6D Glob. Techs., Inc.*, 2021 WL 1910656, at *4 (S.D.N.Y. May 12, 2021); *see also In re Signet Jewelers*, 2020 WL 4196468, at *7 (“When considering this *Grinnell* factor, the question is whether the parties . . .

counsel possessed a record sufficient to permit evaluation of the merits of Plaintiffs' claims, the strengths of the defenses asserted by Defendants, and the value of Plaintiffs' causes of action for purposes of settlement.") (alteration in original).

Here, prior to agreeing to settle, Lead Plaintiff and Lead Counsel: conducted a thorough and informed investigation; reviewed and analyzed documents filed with the Ontario Capital Markets Tribunal, Ontario Securities Commission, and the SEC; drafted two detailed amended complaints; engaged in extensive motion practice, including briefing on Defendants' two motions to dismiss and Lead Plaintiff's motion for reconsideration; consulted with experts in the cannabis industry and in the areas of accounting and damages; and participated in extensive arm's-length settlement negotiations. *See* Bissell-Linsk Decl., Sections III-IV.

Armed with this substantial base of knowledge, Lead Plaintiff was in a position to balance the proposed Settlement with a well-educated assessment of the likelihood of overcoming the risks of litigation. The fact that the Parties have not completed discovery does not weigh against approval of the Settlement. *In re IMAX Sec. Litig.*, 283 F.R.D. 178, 190 (S.D.N.Y. 2012) ("The threshold necessary to render the decisions of counsel sufficiently well informed, however, is not an overly burdensome one to achieve—indeed, formal discovery need not have necessarily been undertaken yet by the parties."); *Rodriguez v. CPI Aerostructures, Inc.*, 2023 WL 2184496, at *15 (E.D.N.Y. Feb. 16, 2023) (finding lead plaintiffs' "extensive review of documents" at the complaint drafting and motion to dismiss stage and participation in two mediation sessions with an experienced mediator was sufficient to demonstrate that the "parties settled after developing an appreciation of their relative positions").

Accordingly, Lead Plaintiff and Lead Counsel respectfully submit that they had "a clear view of the strengths and weaknesses of their case[]" and of the range of possible outcomes at trial.

Tchrs. Ret. Sys. of La. v. A.C.L.N. Ltd., 2004 WL 1087261, at *3 (S.D.N.Y. May 14, 2004).

**(d) The Range of Reasonableness of the Settlement Amount
in Light of the Best Possible Recovery and Attendant
Risks of Litigation**

Courts typically analyze the last two *Grinnell* factors together, “consider[ing] and weigh[ing] the nature of the claim, the possible defenses, the situation of the parties, and the exercise of business judgment in determining whether the proposed settlement is reasonable.” *In re Flag Telecom Holdings, Ltd. Sec. Litig.*, 2010 WL 4537550, at *20 (S.D.N.Y. Nov. 8, 2010). Courts agree that the determination of a “reasonable” settlement “is not susceptible [to] a mathematical equation yielding a particularized sum.” *In re PaineWebber Ltd. P’ships Litig.*, 171 F.R.D. 104, 130 (S.D.N.Y. 1997), *aff’d*, 117 F.3d 721 (2d Cir. 1997). Instead, “in any case there is a range of reasonableness with respect to a settlement. . . .” *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir. 1972).

As discussed above and in the Bissell-Linsk Declaration, the Settlement represents approximately 4% of the high-end estimate of damages and about 7% of the more plausible \$140 million damages estimates. ¶¶8, 65, 83. This recovery compares favorably to similar court-approved securities settlements. *See, e.g., N. Dynasty Mins. Ltd. Sec. Litig.*, 2023 WL 5511513, at *10-11 (approving \$6.375 million settlement with a recovery of 2.3% of maximum potential damages).

The \$10 million Settlement is also in-line with recoveries obtained in securities class actions in 2025. *See* Laarni T. Bulan and Eric Tam, *Securities Class Action Settlements – 2025 Review and Analysis* (Cornerstone), Ex. 3 at 7. According to Cornerstone Research, for Exchange Act cases with total estimated damages of \$150 million to \$249 million, the median percentage of recovery from 2016 to 2024 was 6.9% of total Cornerstone estimated damages, and the median percentage of recovery for such cases in 2025 was 4.9%. The median recovery from 2016 to 2024

was 6.0% for cases with estimated damages of \$250-499 million, and 9.4% for such cases in 2025. *Id.*

In light of the circumstances before the Court, and all of the delay and uncertainty that would be inherent in continued litigation, the Settlement is an excellent result and falls squarely within the range of possible recoveries considered fair, reasonable, and adequate.

II. THE PROPOSED PLAN OF ALLOCATION SHOULD BE APPROVED

A plan for allocating settlement proceeds, like the settlement itself, should be approved if it is fair, reasonable, and adequate. *See In re Luxottica Grp. S.p.A. Sec. Litig.*, 233 F.R.D. 306 (E.D.N.Y. 2006). A plan of allocation that reimburses class members based on the relative strength and value of their claims is reasonable. *See IMAX*, 283 F.R.D. at 192. However, a plan of allocation does not need to be tailored to fit each and every class member with “mathematical precision.” *PaineWebber*, 171 F.R.D. at 133.

Here, the proposed Plan of Allocation, which was developed by Lead Counsel in consultation with Lead Plaintiff’s damages expert, provides a fair and reasonable method to allocate the Net Settlement Fund among class members who submit valid claims. The Plan is set forth in full in the long-form Notice. *See* Ex. 2-B at ¶¶76-91. A.B. Data, as the Court-approved Claims Administrator, will determine each Claimant’s Recognized Claim, calculated according to the formulas in the Plan. The Plan provides for distribution of the Net Settlement Fund among Authorized Claimants on a *pro rata* basis based on their calculated Recognized Claim. *Id.* at ¶¶77-80, 86-87. Each *pro rata* share will be the Authorized Claimant’s Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. *Id.* at ¶86.

Lead Counsel believes that the proposed Plan provides a fair and reasonable method to equitably allocate the Net Settlement Fund. *See In re Giant Interactive Grp. Sec. Litig.*, 279 F.R.D.

151, 163 (S.D.N.Y. 2011) (“[i]n determining whether a plan of allocation is fair, courts look primarily to the opinion of counsel”). To date, no objections to the proposed plan have been received. ¶¶13, 78.

III. THE COURT SHOULD FINALLY CERTIFY THE SETTLEMENT CLASS

The Preliminary Approval Motion set forth the bases for the certification of the Settlement Class. *See* ECF No. 78-1 at 19-25. In connection with the Motion, the Court found that the Settlement Class satisfied the requirements of Rule 23(a) and (b)(3). *See* ECF No. 95 (Order Adopting Report and Recommendation) at 2-5; *see also* ECF No. 93 (Report and Recommendation) at 9-19. Nothing has happened since then that would alter the Court’s findings. Accordingly, for settlement purposes only, the Court should appoint Lead Plaintiff as Class Representative and appoint Lead Counsel as Class Counsel. *See Rodriguez*, 2023 WL 2184496, at *5 (recommending final certification of the settlement class, noting that there had been no objections or opt-outs from class members, and no other material information had emerged that would alter the court’s findings since its preliminary approval order).

IV. NOTICE SATISFIED RULE 23 AND DUE PROCESS

Lead Plaintiff provided the Settlement Class with notice of the Settlement that satisfied all the requirements of Rule 23(e), the PSLRA, and due process. Notice of a settlement must be “reasonable”—*i.e.*, it must “fairly apprise the prospective members of the class of the terms of the proposed settlement and of the options that are open to them in connection with the proceedings,” *Wal-Mart Stores*, 396 F.3d at 114—and be the best notice practicable under the circumstances. Fed. R. Civ. P. 23(c). Both the substance of the notice program here and the methods of dissemination satisfied these standards.

The notice program’s combination of individually mailed (or emailed if emails are provided) Postcard Notices to Settlement Class Members who could be identified with reasonable

effort, supplemented by the Summary Notice in a widely circulated publication, transmission over a business newswire, and publication on internet websites, satisfied all requirements of Rule 23, due process, and the PSLRA. *See, e.g., In re Grab Holdings Ltd. Sec. Litig.*, 2025 WL 1413515, at *5 (S.D.N.Y. May 15, 2025) (approving similar notice program that included mailing or emailing postcard notices to potential class members and nominees followed by publication notice and posting long-notice on a settlement website). As detailed in the accompanying Mailing Declaration, as of October 14, 2026, notice of the Settlement has been disseminated to 236,661 Settlement Class Members, brokers, and nominees. *See* Ex. 2, ¶12. In addition, the Summary Notice was published in *The Wall Street Journal*, *The Globe and Mail*, and *La Presse (French)* and disseminated over the internet using *PR Newswire* and *Canada News Wire* (English and French) on September 23, 2026. *Id.*, ¶13. A.B. Data also continues to maintain a dedicated settlement website, CronosUSSecuritiesSettlement.com. *Id.* at ¶¶14-16.

This combination of individual mailed notice to those who could be identified with reasonable effort, supplemented by publication and internet notice, was “the best notice ... practicable under the circumstances.” Fed. R. Civ. P. 23(c)(2)(B).

CONCLUSION

For all the foregoing reasons, Lead Plaintiff respectfully requests that the Court grant final approval of the proposed Settlement, approve the proposed Plan of Allocation, and finally certify the Settlement Class for purposes of the Settlement only. Proposed orders will be submitted with Lead Plaintiff’s reply papers, after the deadline for objecting or seeking exclusion has passed.

DATED: October 15, 2026

Respectfully submitted,

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CERTIFICATION OF WORD-COUNT COMPLIANCE

The undersigned hereby certifies that the foregoing brief complies with the 8,750 word limit set forth in Local Civil Rule 7.1(c). The word count, exclusive of the caption, any index, table of contents, table of authorities, signature blocks, or any required certificates, is 7,471 words according to the word-processing system used to prepare the document.

Dated: October 15, 2026

/s/ Jake Bissell-Linsk
Jake Bissell-Linsk

CERTIFICATE OF SERVICE

I hereby certify that on October 15, 2026, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to all registered ECF participants.

Dated: October 15, 2026

/s/ Jake Bissell-Linsk
Jake Bissell-Linsk