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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF SAN FRANCISCO

12 JOHN R. SWITZER, Individually and on
13 Behalf of All Others Similarly Situated,
14 Plaintiff,
15 vs.
16 W.R. HAMBRECHT & CO., LLC, et al.,
17 Defendants.

) Lead Case No. CGC-18-564904
) (Consolidated with No. CGC-18-565324)
)
) CLASS ACTION
)
) DECLARATION OF MICHAEL JOAQUIN
) REGARDING NOTICE AND
) ADMINISTRATION
)
) Date: June 4, 2019
) Time: 1:30 p.m.
) Assigned for all purposes to
) Judge Mary E. Wiss, Dept. 305
) Date Action Filed: 03/09/18

ELECTRONICALLY
FILED
*Superior Court of California,
County of San Francisco*
05/09/2019
Clerk of the Court
BY: SANDRA SCHIRO
Deputy Clerk

1 I, MICHAEL JOAQUIN, declare and state as follows:

2 1. I am a Senior Vice President of Securities at Gilardi & Co. LLC (“Gilardi”), located at
3 3301 Kerner Boulevard, San Rafael, California 94901. I make this declaration based on personal
4 knowledge, and if called to testify I could and would do so competently.

5 2. At the request of Plaintiffs’ Settlement Counsel Robbins Geller Rudman & Dowd LLP, I
6 am providing this declaration to give the Court and the parties to the above-captioned action further
7 information about the procedures and methods that will be used to provide notice of the proposed
8 Settlement to the investors who make up the Class and the administration of the claim process.

9 3. Gilardi was retained by Plaintiffs’ Settlement Counsel, subject to Court approval, to
10 provide notice and claims administration services in the above-captioned action. The Class consists of
11 all Persons who purchased Arcimoto, Inc. (“Arcimoto”) common stock pursuant to the Prospectus
12 issued in connection with Arcimoto’s Initial Public Offering (“IPO”). Excluded from the Class are
13 Defendants and their families, the officers, directors and affiliates of Defendants at all relevant times,
14 members of their immediate families and their legal representatives, heirs, successors or assigns, and
15 any entity in which Defendants have or had a controlling ownership interest during the Class Period;
16 and any Person who timely and validly requests exclusion from the Class pursuant to the Notice of
17 Proposed Settlement of Class Action (“Notice”) to be sent to Class Members pursuant to the [Proposed]
18 Order Preliminarily Approving Settlement and Providing for Notice (“Preliminary Approval Order”).

19 4. As background, Gilardi (a subsidiary of Computershare) has implemented successful
20 claims administration programs in more than a thousand securities class actions during our more than
21 three decades as an administrator. Our experience includes many of the largest and most complex
22 settlement administrations of both private litigation matters and of actions brought by government
23 securities regulators. Gilardi has been appointed as the claims administrator in several recent cases
24 involving public offerings of securities, including, but not limited to: the *Alibaba Group Securities*
25 *Litigation*, the *CafePress Securities Litigation*, the *Model N Securities Litigation*, the *Aerohive*
26 *Networks Securities Litigation*, the *Rubicon Technology Securities Litigation*, and the *Revance*
27 *Securities Litigation*. More information on Gilardi’s experience can be found on its website at
28 www.gilardi.com.

1 5. The proposed notice plan in this matter uses procedures that have been designed to
2 provide extremely effective direct mail notification to every investor who is a member of the Class and
3 who can be identified with reasonable effort. In addition, direct email notification will be provided to
4 hundreds of financial institutions that regularly monitor proposed securities class action settlements. By
5 themselves, the proposed direct mail and email notification will be sufficient to reach an extremely high
6 percentage of the Class. All persons and entities identified as potential Class Members will be sent a
7 complete Notice and Proof of Claim and Release form (“Proof of Claim”) package (collectively, the
8 “Claim Package”), which will include instructions for claim submission, objecting to any aspect of the
9 Settlement, and requesting exclusion from the Class. The proposed notice plan also calls for
10 publication of a summary version of the Notice (the “Summary Notice”) in a national newspaper read
11 by securities investors, as well as placement of the Summary Notice on a national business newswire
12 service. Details of the complete proposed notice plan are outlined below.

13 6. If Gilardi is appointed by the Court as Claims Administrator, and subject to the Court’s
14 approval of the notice plan set forth in the Preliminary Approval Order, Gilardi will initially send a
15 copy of the Claim Package by First-Class Mail to all persons and entities identified as potential Class
16 Members by Arcimoto’s stock transfer agent. The stock transfer agent will only have the contact
17 information for the small number of investors that hold their securities in their own names. These
18 investors typically make up a very small percentage of a class, as the vast majority of investors hold
19 their securities through a broker, bank, or other financial institution, and do so in what is known
20 colloquially as “street name.” Under the system of street name ownership, institutions act as the record
21 holders for investors who are the beneficial owners of the securities. In Gilardi’s experience, the class
22 members who hold their securities in their own name, and are therefore known to the stock transfer
23 agent, typically make up less than 5% of a class in a typical securities settlement.

24 7. In order to obtain the contact information for investors that hold their securities in street
25 name, Gilardi and other administrators use a procedure designed to obtain that information from the
26 brokers, banks and other institutions (the “Nominee Holders”) that actually hold the securities for the
27 benefit of their clients. In the more than 30 years that Gilardi has been notifying class members of
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1 actions involving publicly-traded securities, Gilardi has found the majority of potential class members
2 hold their securities in street name and are reached through the Nominee Holders.

3 8. For this matter, Gilardi will send a Claim Package and appropriate cover letter to each
4 entity included on a proprietary list of approximately 250 Nominee Holders. This list also includes a
5 group of firms and institutions who have requested notification on every case involving publicly-traded
6 securities and is contained in a database created, maintained, and updated as necessary by Gilardi. In
7 Gilardi's experience, the institutions included in this database represent a significant majority of the
8 beneficial holders of the securities in most settlements involving publicly-traded companies. Gilardi
9 has also confirmed that all of the financial institutions that facilitated Arcimoto's IPO (or their
10 successors) according to the prospectus for that offering will be included in this solicitation of class
11 member contact information. Therefore, we are confident that this methodology is certain to include
12 the institutions that actually sold the shares issued in the offering.

13 9. Gilardi will also send a Claim Package and appropriate cover letter to each financial
14 institution registered with the U.S. Securities and Exchange Commission ("SEC") as a potential
15 Nominee Holder. There are approximately 4,500 institutions on that list, which changes from time to
16 time and is, therefore, periodically updated. The cover letter accompanying the Claim Package would
17 notify the Nominee Holders of the pendency of this action as a class action and of the proposed
18 Settlement and inform them of their obligation to either provide to Gilardi the names and addresses of
19 their clients who may be Class Members or request copies of the Claim Package to provide directly to
20 their customers and clients.

21 10. Gilardi has long-standing relationships with all of the primary Nominee Holders, and
22 they are accustomed to providing us with information regarding their clients from their records and
23 obtaining reimbursement for doing so. Gilardi will provide several supplemental notification letters to
24 any Nominee Holder who does not respond to the initial request for potential Class Member names and
25 addresses. Gilardi will also direct additional efforts to obtaining responses from institutions that
26 facilitated Arcimoto's IPO, including calling and emailing our contacts at those institutions, if
27 necessary.

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1 11. Gilardi will promptly mail the Claim Package to all potential Class Members identified
2 by Nominee Holders. Gilardi will also send copies of the Claim Package directly to Nominee Holders
3 who indicate that they will directly forward the documents to their customers and clients who may be
4 Class Members.

5 12. All name and address data obtained by Gilardi will be reviewed to identify and eliminate
6 exact duplicates and incomplete data prior to mailing. Addresses will be checked against the United
7 States Postal Service’s National Change of Address database to identify address changes and obtain
8 current mailing addresses where available. Any Claim Packages that are returned as undeliverable mail
9 will be reviewed to determine if an alternative or updated address is available from the Postal Service,
10 and will be re-mailed to the updated or alternative address. In cases where no address is available from
11 the Postal Service, Gilardi will attempt to obtain updated or alternative address information from private
12 databases, and will re-mail the Claim Package if such information is available.

13 13. Gilardi will supplement the direct mailing program described above by publishing the
14 Summary Notice in *The Wall Street Journal*. The Summary Notice will also be posted with *Business*
15 *Wire*, an online newswire service, where it will be available for a month. News outlets often use posted
16 notices as the basis for their own stories about litigation settlements involving publicly-traded
17 companies, thereby creating added awareness of the proposed settlement among investors.

18 14. Gilardi will also cause the Claim Package to be published by the Depository Trust
19 Corporation (“DTC”) on the DTC Legal Notice System (“LENS”). LENS enables participating banks
20 and brokers to review the Claim Package and directly contact the Claims Administrator to obtain copies
21 of the Claim Package for their clients who may be Class Members.

22 15. The Claim Package will also be provided electronically to approximately 450 institutions
23 that monitor securities class actions for their investor clients and regularly act on their behalf in these
24 matters.

25 16. Throughout the notification and claims processing period, Gilardi will maintain a toll-
26 free number to accommodate potential Class Members’ inquiries.

27 17. Gilardi will also maintain a settlement-specific website where key documents will be
28 posted, including the Stipulation of Settlement, the Notice and Proof of Claim and the executed

1 Preliminary Approval Order, and any other documents that the parties or the Court require to be posted.
2 The website will also provide summary information regarding the case and Settlement and highlight
3 important dates, including the date of the settlement approval hearing and any changed deadlines. All
4 posted documents will be available for downloading from the website.

5 18. The Claim Package, settlement website, and key documents will be provided in English,
6 which is the language used for most company SEC filings and proxy materials. In our experience, the
7 typical demographic of most securities-related settlement classes is English-speaking, and as such the
8 costs and extra work associated with translation of documents is generally not required unless there is
9 specific evidence that the majority of the class would only speak another language. In addition,
10 telephone and email support will be available to Class Members in all major languages through Gilardi
11 and its affiliated Computershare partners.

12 19. Based on our experience, we estimate that the combined direct mail and publication
13 program proposed will provide notice to more than 95% of the investors that are potential Class
14 Members. Because the Notice directs the cooperation of Nominee Holders and provides for the
15 reimbursement of their costs of doing so, we have experienced and continue to anticipate a high level of
16 compliance from those institutions, many of which have developed regular systems for providing the
17 required information. In addition, the proposed publication will create additional awareness of the
18 Settlement, and we expect to receive a number of additional requests for the Claim Package through the
19 designated toll-free number and via email as a direct result of publication.

20 20. The procedures proposed here have proven extremely effective at compiling a very
21 comprehensive list of potential class members and providing notice to those potential class members in
22 thousands of securities class action matters prior to this case. Substantially similar notice plans have
23 been approved by numerous courts as being the best notice practicable under the circumstances. Gilardi
24 will, of course, provide a reporting declaration outlining the results of the implemented notice plan and
25 the number of Claim Packages that are ultimately delivered, and will do so prior to, or in conjunction
26 with, Plaintiffs' request that the Settlement be finally approved.

27 21. Because of the street name system under which most securities are held, even Defendant
28 Arcimoto does not know the identity of the vast majority of its shareholders, and it is usually not

1 possible to meaningfully project the total number of class members prior to implementing the notice
2 plan. However, by taking certain information regarding the volume of trading during the proposed class
3 period as well as the number of record holders identified by Arcimoto's transfer agent, and comparing
4 that to similar information collected in other cases Gilardi has administered, we are able to estimate the
5 number of potential Class Members that will be identified, within a very broad range.

6 22. Given Arcimoto's trading history during the relevant period, including information
7 regarding the volume of shares traded and limited information about the number of trades executed, as
8 well as analysis of the requirements for claims under the proposed Plan of Allocation, we estimate that
9 we will mail Claim Packages to approximately 15,000 potential Class Members.

10 23. Because this matter involves the purchase and sale of securities, which is protected and
11 private financial information held by a large number of different brokerages, custodians and other
12 financial institutions, a claims process is necessary to gather the required information regarding each
13 claimant's purchases, sales, and holdings of Arcimoto common stock during the periods relevant to the
14 proposed Plan of Allocation. This stock transaction information will then be used to evaluate the
15 eligibility of each claim to receive any distribution from the Settlement.

16 24. There are three typical ways that a claim may be submitted to Gilardi in securities
17 settlements such as this: a claimant may submit a claim form and supporting documents by mail, a
18 claimant may submit a claim form and supporting documents via an interactive service provided on the
19 settlement website, or a financial institution or other third party who has the authority to do so may file
20 claims on behalf of its clients in electronic spreadsheet format. In our experience, the vast majority of
21 claims, typically at least 80%, are filed by institutions or third-party services which submit claims on
22 behalf of their clients who may be class members, removing the burden from those claimants to file on
23 their own behalf.

24 25. A claim may be determined ineligible for recovery for various reasons related to the
25 overall completeness of the claim and the claimant or transaction information as presented. For
26 example, where the Proof of Claim did not include any purchases of Arcimoto common stock, where
27 calculation of the Proof of Claim under the Plan of Allocation did not result in a net loss, or where the
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1 beneficial owner as presented was determined to be insufficient or otherwise ineligible, the claim will
2 be deemed ineligible for recovery and claimants are so advised.

3 26. In addition to making these determinations, Gilardi also reviews claims for deficiencies
4 related to specific missing or incorrect information which may be resolved with further information; for
5 example, where a claim is missing supporting documentation, lacking a signature, appears to be missing
6 information regarding transactions or holdings, or presents transaction information which does not
7 match the known history of the stock. If those deficiencies can be corrected by an analyst on review,
8 some of these claims may result in a different loss determination and move into eligible status.
9 Furthermore, Gilardi will typically waive deficiencies deemed to be insignificant, which may include,
10 but is not limited to, deficiencies which impact only the portion of the claim which calculates no
11 recognized loss, and partially or undocumented claims, partial or missing signatures, and other
12 immaterial deficiencies where the loss of the claim falls below certain recognized loss amount
13 thresholds.

14 27. Deficiencies will be addressed during the normal course of the administration and
15 claimants with deficient Proofs of Claim will be provided an opportunity to cure these deficiencies prior
16 to distribution of the settlement proceeds. In addition, rejected claimants will be notified of the
17 rejection of their claim and will be provided an opportunity to furnish additional information which may
18 validate the claim or request more information about the reason why the claim is rejected prior to
19 distribution of the settlement proceeds. Claimants who furnish additional information which remains
20 insufficient or who request further review by the Claims Administrator of their rejected claim and who
21 remain dissatisfied with the determination made by the Claims Administrator will also be given
22 instructions for further appealing adverse determinations to the Court to obtain a final determination for
23 the claim.

24 28. In our experience, not all class members submit claims, and some of the claims
25 submitted are not valid or eligible to receive distribution according to the plan of allocation as outlined
26 above. Historically, claims rates are on average between 20% and 30% of the number of Claim
27 Packages mailed in settlements similar to this. Our estimate of the costs of notice and administration
28 below is based on those assumptions, as well as certain other projections based on our experience. The

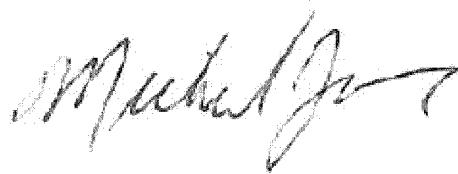
1 actual fees and costs required to complete the administration may be significantly higher or lower,
2 however, depending on how many Class Members are identified, how many claims are filed, how many
3 claims are valid, and how many claims require additional communication with the filer.

4 29. Based on our experience with securities settlements of similar size and involving
5 companies with similar market capitalizations and number of shareholders, we would estimate that
6 providing notice of the Settlement, administering the notice, claims processing, and settlement
7 distribution aspects of this proposed Settlement will generate professional service fees and expenses of
8 approximately \$125,000. The estimate includes significant third-party expenses related to printing and
9 mailing the Claim Package, which will be billed to the Settlement Fund at their actual cost. This
10 estimate also includes the expenses of the Nominee Holders incurred in complying with the request for
11 client information or disseminating the Claims Package to clients as allowed by law.

12 30. In our experience, the outlined notice process, claims process, and estimated fees and
13 expenses outlined above are reasonable, and consistent with those incurred in other securities
14 settlements of similar size and complexity.

15 I declare under penalty of perjury under the laws of the State of California that the foregoing is
16 true and correct and that this declaration was executed this 23rd day of April, 2019, at San Rafael,
17 California.

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MICHAEL JOAQUIN

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DECLARATION OF SERVICE BY MAIL AND EMAIL

I, the undersigned, declare:


1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is 655 West Broadway, Suite 1900, San Diego, California 92101.

2. That on May 9, 2019, declarant served the **DECLARATION OF MICHAEL JOAQUIN REGARDING NOTICE AND ADMINISTRATION**, by depositing a true copy thereof in a United States mailbox at San Diego, California in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

4. This document was also served via email to the parties on the attached Service List.

I declare under penalty of perjury that the foregoing is true and correct. Executed on May 9, 2019, at San Diego, California.



JACLYN STARK

SERVICE LIST

Switzer v. W.R. Hambrecht & Co., LLC, Lead Case No. CGC-18-564904 (Super. Ct., S.F. Cty.)
(Consolidated with No. CGC-18-565324)

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