

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
CALIFORNIA

In re RYVYL Inc. Derivative Litigation

No. 3:23-cv-1165-GPC-SBC (S.D. Cal. Nov. 14, 2025) · No. 3:23-cv-1165-GPC-SBC · Decided November 14,
2025

OPINION

Hertel

PER CURIAM.

1 2 3 4 5 6 7 8 9

10 UNITED STATES DISTRICT COURT

11 SOUTHERN DISTRICT OF CALIFORNIA

12 13 IN RE RYVYL INC. DERIVATIVE Case No.: 3:23-cv-1165-GPC-SBC

LITIGATION,

14 ORDER: 15

16 THIS DOCUMENT RELATES TO: ALL (1) GRANTING PROVISIONAL
APPROVAL OF DERIVATIVE

17 ACTIONS ACTION SETTLEMENT; 18

(2) CONDITIONALLY APPROVING

19 THE PROPOSED FORM AND

MANNER OF NOTICE; AND

20

21 (3) SETTING DATE FOR FINAL

SETTLEMENT HEARING

22 [ECF No. 19] 23 24 Before the Court is the Parties' Joint Motion for Preliminary Approval of
the Parties' 25 Derivative Settlement Agreement. ECF No. 19. For the reasons detailed below, the
Court 26 GRANTS preliminary approval of the Parties' settlement of this derivative action and 27
conditionally approves the proposed form and manner of settlement notice, with minor 28 1
adjustments articulated herein. A final Settlement Hearing is set for January 9, 2026.

2 BACKGROUND

3 I. Factual Allegations 4 This is a shareholder derivative action on behalf of nominal defendant
RYVYL, Inc. 5 ("RYVYL" or "the Company") against current and former RYVYL directors and
officers 6 (the "Individual Defendants," 1 and together with RYVYL, the "Defendants"). RYVYL
is 7 a financial technology company "centered on disrupting the payments industry by offering 8
multiple blockchain encoded payment processing solutions for individuals and 9 businesses." ECF
No. 1, at 2-3. Plaintiffs allege that the Individual Defendants failed to 10 implement adequate
internal controls to prevent materially false and misleading financial 11 information from being

published by RYVYL. ECF No. 19-1, at 10. Plaintiffs further allege that controlling RYVYL shareholders participated in a scheme to cause RYVYL to overpay for repurchases of its own stock while the stock price was artificially inflated due to the alleged false and misleading statements, resulting in alleged violations of §§ 10(b), 14(a), and 20 of the Exchange Act and violations of state law, including breach of the fiduciary duties owed to RYVYL. ECF No. 19-1, at 8-9.

II. Procedural Background

On February 1, 2023, a putative class action lawsuit titled *Cullen v. RYVYL Inc. fka GreenBox POS, Inc., et al.*, Case No. 3:23-cv-00185-GPC-AGS (the “Securities Class Action”), was filed in this Court against several defendants, including RYVYL and certain of its current and former directors and officers, alleging substantially similar facts as those alleged in this derivative litigation. ECF No. 19-1, at 9. The parties in the Securities Class Action have executed a stipulation and agreement of settlement, and the Court has granted preliminary approval of the class action settlement. *Id.* A final fairness hearing on the class action settlement is scheduled for December 19, 2025. *Id.*

The Individual Defendants are Ben Errez, Fredi Nisan, Benjamin Chung, Genevieve Baer, William 1 On June 22, 2023, the first of two shareholder derivative actions—*Christy Hertel, 2* derivatively on behalf of RYVYL Inc., f/k/a GreenBox POS v. Ben Errez et al., Case No. 3:23-CV-01165-GPC-SBC—was filed in this Court against RYVYL’s current and former 4 officers and directors. ECF No. 19-1, at 9-10. On August 4, 2023, the second shareholder 5 derivative action—*Marcus Gazaway, derivatively on behalf of RYVYL Inc., f/k/a GreenBox 6 POS v. Ben Errez et al., Case No. 3:23-CV-01425-LAB-BLM*—was filed in this Court 7 against the same Defendants. *Id.* at 10. Both derivative actions make the same allegations 8 against Defendants and seek damages and contribution from Defendants, as well as actions 9 to reform and improve corporate governance and internal procedures to ensure compliance 10 with applicable laws. *Id.* at 11. The Defendants deny all allegations of wrongdoing or 11 liability asserted in the shareholder derivative actions. *Id.* 12

On March 18, 2024, the Parties to these two derivative actions (“the Derivative 13 Lawsuits”) jointly moved to consolidate their cases. ECF No. 10. On April 2, 2024, the 14 Court granted the Parties’ joint motion and consolidated the Derivative Lawsuits under the 15 caption *In re RYVYL Inc. Derivative Litigation*, case number 3:23-cv-01165-GPC-SBC. 16 ECF No. 11. The Court subsequently appointed The Brown Law Firm, P.C., as lead counsel 17 for Plaintiffs in the Derivative Lawsuits. ECF No. 15. 18

A complaint substantially similar to those filed in these Derivative Lawsuits was 19 filed in Nevada on May 1, 2024. ECF No. 19-1, at 11. 20

On May 8, 2025, all parties reached an agreement in principle to fully resolve and 21 settle all claims alleged in the Derivative Lawsuits, subject to approval by this Court. *Id.* 22

All parties executed a Stipulation of Settlement on September 30, 2025, ECF No. 18, and 23 moved for the Court’s preliminary approval of the settlement on October 7, 2025. ECF No. 24 19. 25

III. Settlement Agreement

The summarized key terms of the Stipulation and Agreement of Settlement (the 27 “Stipulation”), ECF. No. 18, are as follows: 28

A. Terms 1 RYVYL will adopt the corporate governance reforms set forth in Exhibit A of the 2 Stipulation, ECF No. 18-1, and

keep them in place for at least three years. ECF No. 18, at 3 15. These reforms include, but are not limited to: 4 1. Establishing a Risk & Disclosure Committee; 5 2. Expanding the Board of Directors to add an additional independent 6 director; 7 3. Improving RYVYL's Related Party Transactions Policy; 8 4. Expanding and documenting the duties of the Company's new Vice 9 President, Legal; 10 5. Enhancing RYVYL's internal controls and compliance function, the 11 Board's oversight of stock repurchases, and RYVYL's whistleblower 12 policy; 13 6. Improving the charters for the Audit Committee, Nominating 14 Committee, and Compensation Committee; and 15 7. Providing for improved employee training in risk assessment and 16 compliance. 17 See ECF No. 18-1, at 2-4; ECF No. 19-1, at 12-13. 18 B. Releases 19 Per the Stipulation, the Released Claims shall be finally and fully compromised, 20 settled, and released, and the Derivative Lawsuits shall be dismissed with prejudice as 21 against all Released Persons. ECF No. 18, at 8-9. 22 The "Released Claims" include all claims or causes of action including, but not 23 limited to: 24 [A]ny claims for damages, injunctive relief, interest, attorneys' fees, expert, or consulting fees, and any and all other costs, 25 expenses, sums of money, or liabilities whatsoever, against any 26 of the Released Persons that: (i) were asserted or could have been asserted derivatively in the Derivative Lawsuits; (ii) would have 27 been barred by res judicata had the Derivative Lawsuits been 28 fully litigated to final judgment; (iii) that have been, could have 1 boer epr, o cre ecdoionl g d ionr tohteh feurwtuirsee b aeg, aaisnssetr taendy d oefr itvhaet iRveellye ainse adn yP efrosrounms 2 that concern, are based upon, involve, or arise out of, or relate to 3 any of the subject matters, allegations, transactions, facts, events, occurrences, disclosures, representations, statements, omissions 4 alleged, acts, failures to act, alleged mismanagement, 5 misconduct, concealment, alleged misrepresentations, alleged violations of local, state or federal law, sale of stock, or other 6 matters involved, set forth, or referred to, or could have been 7 alleged in or encompassed by, the complaints in the Derivative Lawsuits; or (iv) arise out of, relate to, or concern the defense, 8 settlement, or resolution of the Derivative Lawsuits or the 9 Released Claims. 10 ECF No. 18, at 12-13. 11 The Released Claims do not include claims to enforce the terms of the Stipulation 12 nor exclusively direct claims absent RYVYL stockholders may have in an individual 13 capacity against Defendants. Id. at 13. 14 The Released Persons include Defendants' Counsel and each of the Defendants and 15 their respective past, present, or future heirs, trusts, trustees, estates, beneficiaries, and 16 other entities with whom they have legally binding relationships of duties. Id. at 13. 17 Defendants also release all claims arising out of the commencement, litigation, or 18 settlement of the Derivate Lawsuits as against Plaintiffs, Plaintiffs' Counsel, and any past, 19 present, or future entities with whom they have legally binding relationships or duties. Id. 20 at 9-10, 20-21. 21 C. Attorneys' Fees and Expenses 22 RYVYL shall pay to Plaintiffs' counsel, collectively, a total value of \$200,000 in 23 attorneys' fees and costs, which is comprised of \$25,000 in cash and Settlement Shares 24 worth \$175,000 (the "Fee and Expense Amount"). ECF No. 18, at 16-17. 25 Plaintiffs' Counsel may also apply to the Court for service awards of up to five 26 hundred dollars (\$500.00) for each of the Plaintiffs to

be paid from the Fee and Expense 27 Amount in recognition of Plaintiffs' participation and effort in the prosecution of the 28 Derivative Lawsuits. ECF No. 18, at 19-20. Defendants will not object to the application 1 for the Service Awards as Defendants will not pay any amount of the Service Awards. Id. 2 at 20. 3 D. Notice 4 Per the stipulation, within ten (10) days of the Court's entry of its Preliminary 5 Approval Order, RYVYL will: "(1) post a copy of or link to the Notice and the Stipulation 6 (and exhibits thereto) on the Investor2 page of the Company's website; (2) file with or 7 furnish to the SEC the Notice and Stipulation (and exhibits thereto) as exhibits to a Form 8 8-K; and (3) issue a press release describing the foregoing Form 8-K and the exhibits 9 thereto (the Notice and Stipulation) on GlobeNewswire." ECF No. 18, at 16. 10 The Notice and press release will link to the Investor Relations page on RYVYL's 11 website, where the Notice and the Stipulation will be viewable through the date of the 12 Settlement Hearing. Id. RYVYL will bear all costs and expenses of providing notice of the 13 Settlement. Id.

14 LEGAL STANDARD

15 A derivative action may be settled only with the court's approval. Fed. R. Civ. P. 16 23.1(c). "In determining whether to approve the settlement of a derivative action, courts 17 look to cases and standards under Rule 23(e) of the Federal Rules of Civil Procedure for 18 guidance by analogy." In re CPI Aerostructures S'holder Derivative Litig., No. 20-cv- 19 2092, 2023 WL 2969279, at *3 (E.D.N.Y. Feb. 14, 2023); see also In re OSI Sys., Inc. 20 Derivative Litig., No. CV-14-2910-MWF, 2017 WL 5634607, at *1 (C.D. Cal. Jan. 24, 21 2017) (When reviewing a derivative action settlement for approval, "[t]he Court takes as 22 instructive case law governing preliminary approval of class action settlements under Rule 23 23(e)"). 24 "Rule 23 requires courts to employ a two-step process in evaluating a class action or 25 derivative action settlement." In re Wells Fargo & Co. Sharehold Derivative Litig., No. 26 27 2 Elsewhere in the Stipulation, the Parties refer to the "Investor Relations" page of RYVYL's website 28 1 16-CV-05541-JST, 2019 WL 13020734, at *4 (N.D. Cal. May 14, 2019). First, the court 2 "must make a preliminary determination that the settlement is 'fair, reasonable, and 3 adequate'" under Rule 23(e)(2). Id. (quoting Fed. R. Civ. P. 23(e)(2)). "Second, if the court 4 preliminarily approves a derivative action settlement, notice 'must be given to shareholders 5 or members in the manner that the court orders.'" Id. at *4 (quoting Fed. R. Civ. P. 23.1(c)). 6 The court then holds a hearing to "make a final determination whether the settlement is 7 'fair, reasonable, and adequate.'" Id. (quoting Fed. R. Civ. P. 23(e)(2)). 8 In the context of a derivative action, courts evaluate fairness, reasonableness, and 9 adequacy by considering a range of factors, such as "the strength of the plaintiffs' case; the 10 risk, expense, complexity, and likely duration of further litigation . . . the amount offered 11 in settlement; the extent of discovery completed and the stage of the proceedings; [and] the 12 experience and views of counsel[.]" Id. (internal quotation marks and citation omitted). 13 When evaluating the adequacy of nonmonetary settlement provisions like corporate 14 governance reforms, courts examine whether a company is already undertaking the 15 provisions independently of the settlement. If the reforms proposed in the settlement were 16

already implemented or going to be implemented by the company, then courts are more doubtful of the value of the settlement. See *In re Lyft, Inc. Derivative Litig.*, No. 20-CV- 18 09257-HSG, 2024 WL 4505474, at *4 (N.D. Cal. Oct. 16, 2024) (“[T]he Court is skeptical 19 that the reforms presented here are a benefit of the settlement rather than [the company’s] 20 own independent actions.”) (emphasis in original); *In re Pinterest Derivative Litig.*, No. C 21 20- 08331-WHA, 2022 WL 2079712, at *3 (N.D. Cal. June 9, 2022) (critical of the fact that 22 “a fair number of the reforms were already in place as a result of the corporation’s own 23 actions addressing the [underlying action’s allegations]”). 24 Overall, the principal factor that courts consider is “the extent of the benefit to be 25 derived from the proposed settlement by the corporation, the real party in interest.” *In re 26 Pinterest Derivative Litig.*, No. C 20-08331-WHA, 2022 WL 484961, *3 (N.D. Cal. Feb. 27 16, 2022) (quoting *In re Apple Computer, Inc. Derivative Litig.*, No. C 06-4128 JF (HRL), 28 2008 WL 4820784, at *2 (N.D. Cal. Nov. 5, 2008)). Further, courts scrutinize whether the 1 proposed settlement is “the product of fraud or overreaching by, or collusion between, the 2 negotiating parties.” *In re Hewlett-Packard*, No. 3:12-CV-06003-CRB, 2015 WL 1153864, 3 at *3 (quoting *In re NVIDIA Corp. Derivative Litig.*, No. C-06-06110-SBA, 2008 WL 4 5382544, at *2 (N.D. Cal. Dec. 22, 2008)). See also *Lloyd v. Gupta*, No. 15-CV- 04183- 5 MEJ, 2016 WL 3951652, at *4 (N.D. Cal. July 22, 2016) (noting that courts consider 6 whether “the settlement is the result of arm’s-length negotiations in which plaintiffs’ 7 counsel has effectively represented the interest of the shareholder class” (internal quotation 8 marks and citation omitted)). 9 At the preliminary approval stage, the Court need not definitively decide whether 10 the proposed settlement survives scrutiny under these standards; instead, it need only 11 determine whether the settlement falls “within the range of possible approval.” *In re 12 Tableware Antitrust Litig.*, 484 F. Supp. 2d 1078, 1080 (N.D. Cal. 2007) (internal quotation 13 marks and citation omitted); see also *In re Wells Fargo & Co. Sharehold Derivative Litig.*, 14 2019 WL 13020734, at *4.

15 DISCUSSION

16 I. Proposed Settlement 17 The Court will first assess whether the terms of the Stipulation are fair, reasonable, 18 and adequate. 19 A. Benefits to RYVYL 20 The Parties assert that the proposed settlement will benefit RYVYL because the 21 corporate governance reforms, listed in Exhibit A of the Stipulation, ECF No. 18-1, will 22 improve the strength of RYVYL’s internal controls and overall governance, “which will 23 provide real, substantial, and long-lasting benefits for RYVYL and its shareholders.” ECF

24 No. 19-1, at 16.

25 “[A] corporation may receive a ‘substantial benefit’ from a derivative suit, justifying 26 an award of counsel fees, regardless of whether the benefit is pecuniary in nature.” *Mills v. 27 Elec. Auto-Lite Co.*, 396 U.S. 375, 395 (1970); see also *In re Ceradyne, Inc.*, No. SACV 28 06-919-JVS (PJWx), 2009 WL 10671494, at *2 (C.D. Cal. June 9, 2009) (“Non-pecuniary 1 benefits to the corporation have been deemed adequate consideration for the settlement of 2 derivative suits . . .

[and] can be particularly valuable when the relief is intended to prevent 3 future harm” (internal quotation marks and citations omitted)). “Courts have recognized 4 that corporate governance reforms . . . provide valuable benefits to public companies.” In 5 re NVIDIA Corp. Derivative Litig., 2008 WL 5382544, at *3 (quoting Cohn v. Nelson, 375 6 F. Supp. 2d 844, 853 (E.D. Mo. 2005)). 7 Specifically, courts have held that corporate governance reforms that directly 8 address alleged corporate misconduct are beneficial to companies in derivative action 9 settlement approvals. See Moore v. Verb Tech. Co., Inc., No. CV 19-8393-GW-MAAx, 10 2021 WL 11732976, at *4 (C.D. Cal. Mar. 1, 2021) (finding that “corporate governance 11 measures that specifically address the allegations in the derivative action” substantially 12 benefit the company by helping prevent it from making additional misleading statements 13 about its business); In re Taronis Techs., Inc. S’holder Derivative Litig., No. CV-19-04547- 14 PHX-GMS, 2021 WL 842137 (D. Ariz. Mar. 5, 2021) (finding that corporate governance 15 changes conferred sufficient benefit to company because they addressed compliance with 16 public reporting requirements that the company had allegedly not complied with). 17 The Court agrees with the Parties that the corporate governance reforms listed in 18 Exhibit A of the Stipulation benefit RYVYL. Though non-pecuniary, the reforms benefit 19 RYVYL specifically because they directly address the alleged deficiencies listed in 20 Plaintiffs’ Derivative Lawsuits. For example, the reforms require the establishment of a 21 Risk & Disclosure Committee, provide for an updated and expanded Insider Trading 22 Policy, ensure related party transactions are fair and fully disclosed by improving and 23 clarifying the Related Party Transactions Policy, and expand objective oversight by the 24 Board of Directors by adding an independent director and broadening the Board’s oversight 25 of stock repurchases. ECF No. 19-1, at 15; see generally ECF No. 18-1. These directly 26 tackle the Derivative Lawsuits’ allegations that the Individual Defendants (1) caused 27 RYVYL to make a series of false statements to the investing public and (2) caused RYVYL 28 to overpay for repurchases of its own stock while the price was artificially inflated due to 1 the alleged false statements. Id. 2 The reforms further mandate that RYVYL establish and maintain training programs 3 that include “coverage of risk assessment and compliance, RYVYL’s Code of Ethics, 4 Related Party Transactions Policy, Clawback Policy . . . Whistleblower Policy . . . and all 5 other manuals or policies established by RYVYL concerning legal or ethical standards of 6 conduct.” ECF No. 18-1, at 11. These trainings will be mandatory for all directors, officers, 7 and employees and will occur on an annual basis. Id. at 10. The Court finds that this 8 proposed training program is substantial, directly addresses the alleged corporate 9 misconduct, and would provide a considerable benefit to RYVYL. 10 The reforms’ benefits are bolstered by the fact that RYVYL will implement and 11 maintain the reforms for three years following the effective date of the settlement. ECF No. 12 19-1, at 15. This is meant to be a “sufficient time for the Reforms to become embedded in 13 the Company’s policies, practices, and corporate culture.” ECF No. 19-1, at 12 n.5. The 14 Court agrees that the multi-year implementation period would be beneficial to the 15 company. See Chenoy v. Lyft, Inc., No. 20-CV-09257-HSG, 2025 WL 948065, at *5 (N.D.

16 Cal. Mar. 28, 2025) (“Because the Settlement Agreement fixes these reforms in place for 17 a three-year period, the reforms may well engender some lasting trust in [the company’s] 18 safety and corporate governance, yielding financial benefits for [the company]”). 19 The Court does note that among the listed reforms is the “expan[sion] and 20 document[ation] of the duties” of a new Vice President Legal. ECF No. 19-1, at 7. The VP 21 Legal has already been hired by RYVYL, and the Reforms note that the VP Legal may 22 already be tasked with several of the responsibilities outlined therein. See ECF No. 18-2, 23 at 6. Thus, this particular element of the Reforms would not persuade the court of the value 24 of the settlement. See, e.g., *In re Pinterest Derivative Litig.*, No. C 20-08331-WHA, 2022 25 WL 2079712, at *3 (N.D. Cal. June 9, 2022) (critical of the fact that “a fair number of the 26 reforms were already in place as a result of the corporation’s own actions addressing the 27 [underlying action’s allegations]”). However, additional Reforms are sufficiently novel 28 and beneficial to RYVYL that, overall, the Court finds that the Settlement is in the best 1 interest of RYVYL.

2 B. Non-Collusive, Arm’s-Length Negotiations

3 The Parties assert that the settlement is fair because it “was negotiated between 4 experienced and competent counsel possessing a firm understanding of the strengths and 5 weaknesses of the claims and defenses in the Derivative Lawsuits, is the product of 6 significant give-and-take by the Parties, and was reached after extensive negotiations 7 between the Parties and their respective counsel.” ECF No. 19-1, at 18. 8 Courts must ensure that a settlement agreement “is not the product of fraud or 9 overreaching by, or collusion between, the negotiating parties.” *Officers for Just. v. Civ. 10 Serv. Comm’n of City & Cnty. of San Francisco*, 688 F.2d 615, 625 (9th Cir. 1982). An 11 agreement reached in good faith after well-informed, arms-length negotiation is “entitled 12 to a presumption of fairness.” *In re Am. Apparel, Inc. S’holder Litig.*, No. CV 10–06352 13 MMM (JCGX), 2014 WL 10212865, at *8 (C.D. Cal. July 28, 2014); see also *Rodriguez 14 v. W. Publ’g Corp.*, 563 F.3d 948, 965 (9th Cir. 2009) (“We put a good deal of stock in the 15 product of an arms-length, non-collusive, negotiated resolution.”) 16 The Court finds the Parties’ settlement negotiation process to be fair. Parties were 17 represented by counsel who understood the strengths and weaknesses of the claims and 18 defenses in the Derivative Matters. ECF No. 19-1, at 18. Indeed, Plaintiffs’ counsel 19 conducted extensive investigation and analysis of the underlying facts, including, among 20 other things, (1) reviewing and analyzing all RYVYL press releases, public statements, and 21 SEC filings; (2) reviewing and analyzing securities analysts’ reports about RYVYL; (3) 22 reviewing and analyzing the pleadings in the Securities Class Action; (4) researching the 23 applicable law with respect to the claims alleged and the potential defenses; (5) researching 24 RYVYL’s corporate governance structure; and (6) preparing multiple versions of 25 comprehensive written settlement demands. ECF No. 18, at 7. The settlement negotiations 26 also occurred over the course of several months. ECF No. 18, at 6. 27 The Court also finds the Parties’ negotiations to be non-collusive. Plaintiffs’ and 28 Defendants’ counsel negotiated over a prolonged period, and only after the Parties reached 1 an agreement in principle on the material terms of the settlement did the Parties engage in 2 separate

arm's-length negotiations regarding attorneys' fees. ECF No. 18, at 6, ECF No. 3 19-1, at 18. This favors a finding of no collusion. See *Moore v. Verb Tech. Co., Inc.*, 2021 4 WL 11732976, at *5 (finding "no signs of collusion" because "[t]he parties did not begin 5 to negotiate the attorneys' fees and expenses to be paid to Plaintiff's Counsel until after 6 they reached an agreement on the [corporate governance reforms]."). 7 C. Risks and Costs of Further Litigation 8 The Parties assert that the settlement eliminates the risks and costs of ongoing 9 litigation and allows RYVYL to dedicate its time and resources to strengthening the 10 Company's internal controls and operations. ECF No. 19-1, at 17-18. 11 "To determine whether the proposed settlement is fair, reasonable, and adequate, the 12 Court must balance the continuing risks of litigation (including the strengths and 13 weaknesses of the Plaintiffs' case), with the benefits afforded . . . and the immediacy and 14 certainty of a substantial recovery." *Velazquez v. Int'l Marine & Indus. Applicators, LLC*,

15 No. 16CV494-MMA (NLS), 2018 WL 828199, at *4 (S.D. Cal. Feb. 9, 2018). Further, 16 "[c]ourts agree that derivative actions are particularly complex and 'rarely successful.'" 17 *Arnaud van der Gracht de Rommerswael on Behalf of Puma Biotechnology, Inc. v. 18 Auerbach*, No. SACV1800236AGJCGX, 2019 WL 7753447, at *4 (C.D. Cal. Jan. 7, 2019) 19 (quoting *In re Pac. Enters. Sec. Litig.*, 47 F.3d 373, 378 (9th Cir. 1995)). "The doctrine of 20 demand futility, the business judgment rule, and the generally uncertain prospect of 21 establishing a breach of fiduciary duties combine to make shareholder derivative suits an 22 infamously uphill battle for plaintiffs." *In re Fab Universal Corp. S'holder Derivative 23 Litig.*, 148 F. Supp. 3d 277, 281–82 (S.D.N.Y. 2015). 24 Regardless of their merit, Plaintiffs' claims would be difficult and costly to sustain 25 if this litigation were to proceed. "From the outset, Plaintiffs faced risks that the Derivative 26 Lawsuits might not have withstood challenges at the pleading stage, especially given Rule 27 23.1's heightened standards for pleading demand futility and demand refusal." ECF No. 28 19-1, at 16. Further, the Parties agree that, if Plaintiffs succeeded at the pleading stage, they 1 "would have faced the high costs associated with lengthy and complex litigation, including 2 voluminous discovery and depositions." *Id.* at 17; see also *Auerbach*, 2019 WL 7753447, 3 at *4 (approving derivative action settlement in part by noting the potential cost of 4 discovery where biotech drug company was sued over allegedly false and misleading 5 statements about drug product's safety and efficacy). These high risks and costs contrast 6 with the settlement's certainty and immediacy. In short, "[a] number of risks are posed by 7 continued litigation, while settlement assures broad corporate reform." *In re Fab Universal 8 Corp. S'holder Derivative Litig.*, 148 F. Supp. 3d at 282. 9 Given the settlement's benefits to RYVYL, the Parties' non-collusive negotiation, 10 and the uncertainty and potentially high cost of further litigation, the Court finds the 11 settlement to be sufficiently fair, reasonable, and adequate, and preliminarily approves it 12 at this stage. 13 II. Proposed Form and Method of Notice to Shareholders 14 The Parties assert that the proposed form and method of notice of settlement to 15 RYVYL shareholders should be approved because it apprises current RYVYL 16 shareholders of the pendency and settlement of

the Derivative Lawsuits and gives them an 17 opportunity to object to the settlement. ECF No. 19-1, at 19-21. The Parties also argue that 18 their proposed manner of notice has been broadly accepted by courts in this Circuit in 19 addressing shareholder derivative actions. *Id.* at 20-21. 20 Notice of a proposed settlement must be given to shareholders in the manner that the 21 Court orders. Fed. R. Civ. P. 23.1(c). Notice to shareholders “must be ‘reasonably 22 calculated, under all the circumstances, to apprise interested parties of the pendency of the 23 action and afford them an opportunity to present their objections.’” *Lloyd*, 2016 WL 24 3951652, at *6 (quoting *Mullane v. Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 314 25 (1950)). In determining whether the proposed notice method is adequate, “the Court 26 considers whether such notice would be sufficient to reach the majority of interested 27 stockholders.” *Bushansky v. Armacost*, No. 12–CV–01597–JST, 2014 WL 2905143, at *6 28 (N.D. Cal. June 25, 2014) (citing 7C Wright & Miller’s Federal Practice & Procedure 1 § 1839 (3d. ed.)). 2 Further, “courts evaluate whether the notice is the best notice practicable under the 3 circumstances and comports with due process requirements.” *In re Galena Biopharma, Inc.* 4 Derivative Litig., No. 3:14-CV-382-SI, 2016 WL 10843665, at *1 (D. Or. Jan. 28, 2016) 5 (internal quotation marks and citation omitted). What constitutes the best notice that is 6 practicable under the circumstances is measured by a standard of “reasonableness.” *Low v.* 7 Trump Univ., LLC, 881 F.3d 1111, 1117 (9th Cir. 2018). The best type of notice “depends 8 upon the information available to the parties about [the persons to be noticed].” *Hilsley v.* 9 Ocean Spray Cranberries, Inc., No. 17CV2335-GPC(MDD), 2019 WL 718807, at *1 (S.D. 10 Cal. Feb. 5, 2019) (quoting *Bruno v. Quten Research Inst., LLC.*, No. SACV 11 1100173DOXEX, 2012 WL 12886843, at *3 (C.D. Cal. July 16, 2012)). In the context of 12 class actions, recent amendments to Rule 23(c)(2) clarify that the “best notice” practicable 13 under the circumstances may include “electronic means, or other appropriate means,” 14 depending on the type of class and its composition. Fed. R. Civ. P. 23(c)(2), committee 15 note (2018 amendment). 16 A. Form of Notice 17 The Court finds that the form of the proposed Notice of Pendency and Proposed 18 Settlement of Stockholder Derivative Lawsuits (the “Notice”), attached as Exhibit C to the 19 Stipulation, ECF No. 18-3, is adequate. The proposed Notice describes the purpose of the 20 notice, the history of the Parties’ negotiations and present litigation, the amount of 21 attorneys’ fees and expenses, and the reasons for and benefits of the settlement. See 22 generally ECF No. 18-3. It also directs readers to RYVYL’s website to review the full 23 Stipulation and its exhibits. ECF No. 18-3, at 4. 24 The proposed Notice will also include the date of the final Settlement Hearing and 25 describes RYVYL shareholders’ right to attend this hearing and object to the settlement 26 and the request for attorneys’ fees and expenses and service awards, along with the process 27 for making timely objections. *Id.* at 5-6. Shareholders must object in writing and include 28 in their written objection certain identifying information. *Id.* The shareholders must file 1 any objection with the Court no later than twenty-one calendar days prior to the Settlement 2 Hearing. *Id.* at 5. The shareholders must also send their objection to Plaintiffs’ Counsel and 3 Defendants’ Counsel. *Id.* at 5-7. 4 The Court finds that the

Notice adequately apprises RYVYL shareholders of the 5 pending status of this litigation, describes the Stipulation's terms and conditions, and 6 explains the objection process. 7 However, due to the Parties' request that the final settlement hearing occur within 8 60 days, to ensure that shareholders have a meaningful opportunity to object, the Court will 9 extend shareholders' time to object until fourteen (14) days prior to the Settlement Hearing. 10 The Parties are ORDERED to adjust the Notice to reflect this change. 11 B. Method of Notice 12 The Court now considers the proposed method of notice. Per the Stipulation, within 13 ten days of preliminary approval of the settlement, RYVYL will (1) post a copy of or link 14 to the Notice, ECF No. 18-3, and the Stipulation and Agreement of Settlement (with its 15 exhibits) (the "Stipulation"), ECF No. 18, on the Investor Relations page of RYVYL's 16 website; (2) file the Notice and Stipulation (with its exhibits) with the U.S. Securities and 17 Exchange Commission (the "SEC") as exhibits to a Form 8-K, and (3) issue a press release 18 describing the Form 8-K, the Notice, and the Stipulation on GlobeNewswire. ECF No. 19- 19 1, at 20. The notice and press release will both include a link to the Investor Relations page 20 on RYVYL's website where the Notice and Stipulation will be posted and available. Id. 21 RYVYL will be solely responsible for paying all the costs of disseminating the notices of 22 the settlement. ECF No. 18, at 16. 23 These three notice methods will likely inform a majority of RYVYL's shareholders. 24 Further, courts have approved similar settlement notice procedures in other derivative 25 action cases. See *In re ImmunityBio, Inc. S'holder Derivative Litig.*, No. 3:24-CV-02014- 26 GPC-VET, 2025 WL 2147066, at *3 (S.D. Cal. July 29, 2025) (approving notice procedure 27 of providing notice on defendant company's website, in *Investors Business Daily*, and to 28 the SEC as part of an 8-K); *In re Hewlett-Packard Co. S'holder Derivative Litig.*, 716 F. 1 App'x 603, 608 (9th Cir. 2017) (approving notice procedure of posting notice on defendant 2 company's website, in *Investor's Business Daily*, and in major newspapers and filing notice 3 with the SEC as part of an 8-K); *In re Rambus Inc. Derivative Litig.*, 2009 WL 166689, at 4 *2 (N.D. Cal. Jan. 20, 2009) (approving notice procedure of posting notice on defendant 5 company's website and in *Business Wire* and filing notice with the SEC as part of an 8-K). 6 Thus, under recent Rule 23(c) amendments, which permit more cost-efficient notice 7 methods including "electronic means, or other appropriate means," the Court finds the 8 Parties' proposed methods of notice adequate. 9 However, as above, the Court again revises the Parties' proposed timeline to ensure 10 that shareholders have a meaningful opportunity to object. The Court will shorten the 11 Parties' time to provide Notice from within ten (10) days to within seven (7) days of this 12 Order. 13 III. Shareholders' Counsel's Fees and Service Awards 14 RYVYL has agreed to pay Plaintiffs' Counsel a total value of \$200,000, which is 15 comprised of \$25,000 in cash and \$175,000 in Settlement Shares (together, the "Fee and 16 Expense Amount"). ECF No. 18, at 16-17. The Parties have also agreed that Plaintiffs' 17 Counsel may apply to the Court for service awards of up to five hundred dollars (\$500.00) 18 for each Plaintiff to be paid from the Fee and Expense Amount in recognition of Plaintiffs' 19 participation and effort in the prosecution of the Derivative Lawsuits. Id. at 19-20. 20 A. Shareholders'

Counsel's Fees 21 Plaintiffs may be awarded attorneys' fees in derivative suits if the resolution of the 22 claim confers a "substantial benefit" on the corporation. See *Mills v. Elec. Auto-Lite Co.*, 23 396 U.S. 375, 393-95 (1970). "Courts have consistently approved attorneys' fees and 24 expenses in shareholder actions where the plaintiffs' efforts resulted in corporate 25 governance reforms but no monetary relief." *In re Taronis Techs., Inc. S'holder Derivative 26 Litig.*, No. CV-19-04547-PHX-GMS, 2021 WL 842137, at *3 (D. Ariz. Mar. 5, 2021) 27 (citing *In re Rambus Inc. Derivative Litig.*, No. C 06-3513 JF (HRL), 2009 WL 166689, at 28 *3 (N.D. Cal. Jan. 20, 2009)). 1 In determining the appropriate measure of attorney's fees, the court must exercise 2 its discretion to achieve a "reasonable result." *In re Bluetooth Headset Prods. Liab. Litig.*, 3 654 F.3d 935, 942 (9th Cir. 2011). The lodestar method of awarding attorneys' fees "is 4 especially appropriate in class actions 'where the relief sought—and obtained—is . . . 5 primarily injunctive.'" *Kim v. Allison*, 8 F.4th 1170, 1181 (9th Cir. 2021) (alteration in 6 original) (quoting *In re Bluetooth Headset Prods. Liab.*, 654 F.3d 935, 941 (9th Cir. 2011)); 7 see also *Osher v. SCA Realty I, Inc.*, 945 F. Supp. 298, 307 (D.D.C. 1996) ("Courts 8 generally regard the lodestar method, which uses the number of hours reasonably 9 expended, as the best approach in cases where the nature of the settlement evades the 10 precise evaluation needed for the percentage of recovery method." (internal quotation 11 marks and citation omitted)). The lodestar amount is determined by multiplying the number 12 of hours reasonably spent on the litigation by a reasonable hourly rate. *McCown v. City of 13 Fontana*, 565 F.3d 1097, 1102 (9th Cir. 2009). 14 Here, Plaintiffs' Counsel has not provided the Court with any information regarding 15 the hours spent on this litigation, nor their hourly rate. Thus, the Court is unable to assess 16 how the agreed upon Fee and Expense Amount—\$200,000—compares to the lodestar 17 amount. However, "the Court need not—and does not—decide the issue of attorneys' fees 18 now. Preliminary approval of the settlement is not an endorsement or pre-approval of any 19 future fee request, which will be considered at the final fairness hearing." *In re Lyft, Inc. 20 Derivative Litig.*, No. 20-CV-09257-HSG, 2024 WL 4505474, at *7 (N.D. Cal. Oct. 16, 21 2024). For now, the Court finds that the proposed attorneys' fees do not bar its preliminary 22 approval of the settlement. 23 B. Shareholders' Service Awards 24 The court now considers the proposed service awards, also known as incentive 25 awards. "Incentive awards are payments to class representatives for their service to the 26 class in bringing the lawsuit." *Radcliffe v. Experian Info. Sols. Inc.*, 715 F.3d 1157, 1163 27 (9th Cir. 2013). These awards generally do not render a settlement inequitable. See *Staton 28 v. Boeing Co.*, 327 F.3d 938, 977 (9th Cir. 2003). In the class action setting, incentive 1 awards are "fairly typical" and "are intended to compensate class representatives for work 2 done on behalf of the class, to make up for financial or reputational risk undertaken in 3 bringing the action." *Rodriguez v. W. Pub. Corp.*, 563 F.3d 948, 958-59 (9th Cir. 2009). 4 Derivative plaintiffs may likewise merit compensation "for work done on behalf of the 5 [shareholders]." *In re Wells Fargo & Co. Sharehold Derivative Litig.*, No. 16-CV-05541- 6 JST, 2019 WL 13020734, at *8 (N.D. Cal. May 14, 2019) (quoting *Rodriguez v. W. Publ'g 7 Corp.*, 563 F.3d 948, 958-59 (9th Cir.

2009)). 8 Here, each Plaintiff filed a separate derivative action which was then consolidated 9 into the present litigation. ECF No. 19-1, at 11. As such, the shareholder Plaintiffs have 10 expended their energies to advance the present litigation and can be compensated for their 11 service with the proposed service awards. Further, the proposed amount of \$500 appears 12 reasonable because it falls within the range of service awards that courts have preliminarily 13 approved in other derivative action settlements. See, e.g., *In re Immunitybio, Inc. S'holder 14 Derivative Litig.*, No. 3:24-CV-02014-GPC-VET, 2025 WL 2147066, at *11 (S.D. Cal.

15 July 29, 2025) (granting motion for preliminary approval of derivative settlement
16 agreement containing \$2,500 proposed service award); *Moore v. Verb Tech. Co., Inc.*, No. 17 CV 19-8393-GW-MAAx, 2021 WL 11732976, at *3 (C.D. Cal. Mar. 1, 2021) (granting 18 motion for preliminary approval of derivative settlement agreement containing \$1,000 19 proposed service award). 20 As with attorneys' fees, the Court does not need to decide the issue of service awards 21 at this preliminary approval stage. See *In re Lyft, Inc. Derivative Litig.*, 2024 WL 4505474, 22 at *6. Nevertheless, because the incentive awards are not per se unreasonable, the Court 23 concludes that the current service award provision should not bar preliminary approval of 24 the settlement. 25 IV. Schedule of Events 26 The Court will set the final settlement date to be January 9, 2026. The schedule will 27 be as follows. The Court urges the Parties to note that it has slightly revised the timeline 28 proposed by the Parties to ensure that shareholders have an adequate time to object to the 1 Settlement. 2 - The Parties shall issue Notice as described in this order and the stipulation by

3 November 21, 2025, and shall file an affidavit or declaration to the Court regarding
4 the filing, publishing, and posting of Notice by December 4, 2025. 5 - The Parties shall file a Joint Motion for final approval of the settlement by
6 December 12, 2025.

7 - The deadline for shareholders to object is therefore December 26, 2025. This would 8 provide shareholders five weeks to object (assuming they are provided notice within 9 seven days after the preliminary approval hearing). This length of time has been 10 deemed sufficient time to object by the Ninth Circuit. *In re Hewlett-Packard Co.* 11 S'holder Derivative Litig., 716 F. App'x at 609 (noting that it has approved windows 12 of time to object as short as 31 days) (citing *Torrisi v. Tucson Elec. Power Co.*, 8 13 F.3d 1370, 1375 (9th Cir. 1993)). The Parties shall file responses to any objections 14 to the Settlement or in further support of final approval by January 2, 2026.

15 CONCLUSION

16 IT IS HEREBY ORDERED as follows: 17 1. The Court does hereby preliminarily approve, subject to further consideration 18 at the Settlement Hearing described below, the Stipulation and the terms of the Settlement 19 set forth therein. 20 2. The Court preliminarily approves, subject to further consideration at the 21 Settlement Hearing described below, the Settlement as set forth in the Stipulation as being 22 fair, reasonable, and adequate. 23 3. A hearing (the "Settlement Hearing") shall be held on January 9, 2026, at 24 1:30 p.m., in Courtroom 12A at the United

States District Court for the Southern District 25 of California to determine: (i) whether the terms of the Stipulation should be approved as 26 fair, reasonable, and adequate; (ii) whether the Notice fully satisfied the requirements of

27 Rule 23.1 of the Federal Rules of Civil Procedure and the requirements of due process; (iii)

28 whether all Released Claims against the Released Persons should be fully and finally 1 released; (iv) whether the agreed-to Fee and Expense Amount should be approved; (v) 2 whether the Settlement Shares should be exempted from registration pursuant to Section 3 3(a)(10) of the Securities Act of 1933; (vi) whether Service Awards payable from the Fee 4 and Expense Amount to the Plaintiffs should be approved; and (vi) such other matters as 5 the Court may deem appropriate. 6 4. With the modification regarding the due date for shareholders' objections, the 7

Court finds that the form, substance, and dissemination of information regarding the 8 proposed Settlement in the manner set out in this Preliminary Approval Order constitutes 9 the best notice practicable under the circumstances and fully complies with Rule 23.1 of 10 the Federal Rules of Civil Procedure and due process. The Parties are ORDERED to 11 modify the Notice of Pendency and Proposed Settlement to reflect that shareholders have 12 until fourteen (14), not twenty-one (21), days prior to the Settlement Hearing to object. 13 5. No later than seven (7) days after the entry of this Preliminary Approval Order 14 (the "Notice Date"), RYVYL shall: (i) post the Notice and the Stipulation (and exhibits 15 thereto) on the Investor Relations page of RYVYL's website, 16 <https://investors.RYVYL.com/>, and maintain the documents there until after the Settlement 17 Hearing; (ii) publish the press release on GlobeNewswire with a link to the Company's 18 Investor Relations webpage where the Notice and Stipulation (and exhibits thereto) will be 19 posted and available; and (iii) file with the U.S. Securities and Exchange Commission (the 20 "SEC") the Notice and Stipulation (and exhibits thereto) as exhibits to a Current Report on 21 Form 8-K.

22 6. All costs incurred in the filing, posting, and publication of the Notice of the 23 Settlement shall be paid by RYVYL, and RYVYL shall undertake all administrative 24 responsibility for the filing, posting, and publication of the Notice of Settlement. 25 7. Within twenty (20) days after the entry of this Preliminary Approval Order, 26 Defendants' Counsel shall file with the Court an appropriate affidavit or declaration with 27 respect to filing, publishing, and posting the notice of the Settlement. 28 1 8. All Current RYVYL Stockholders shall be subject to and bound by the 2 provisions of the Stipulation and the releases contained therein, and by all orders, 3 determinations, and judgments in the Derivative Lawsuits concerning the Settlement, 4 whether favorable or unfavorable to Current RYVYL Stockholders. 5 9. Pending final determination of whether the Settlement should be approved, 6 Plaintiffs and RYVYL stockholders shall not commence, institute, or prosecute against any 7 of the Released Persons any action or proceeding in any court or tribunal asserting any of 8 the Released Claims. 9 10. Any stockholder of RYVYL common stock may appear and show cause, if 10 he, she, or it has any reason why the Settlement embodied in the Stipulation should not be 11 approved as fair, reasonable, and adequate, or why a

judgment should or should not be entered hereon, or the Fee and Expense Amount or Service Awards should not be awarded. However, no RYVYL stockholder shall be heard or entitled to contest the approval of the Settlement, or, if approved, the Judgment to be entered thereon, unless that RYVYL stockholder has caused to be filed, and served on counsel as noted below: (i) a written notice of objection with the case name and number (In re RYVYL Inc. Derivative Litigation, Lead Case No. 3:23-CV-01165-GPC-SBC (S.D. Cal.); (ii) the Person's name, legal address, and telephone number; (iii) notice of whether such Person intends to appear at the Settlement Hearing and the reasons such Person desires to appear and be heard, and whether such Person is represented by counsel and if so, contact information for counsel; (iv) competent evidence that such Person held shares of RYVYL common stock as of the date of the Stipulation and continues to hold such stock as of the date the objection is made, including the date(s) such shares were acquired; (v) a statement of objections to any matters before the Court, the grounds therefor, as well as all documents or writings such Person desires the Court to consider; and (vi) the identities of any witnesses such Person plans on calling at the Settlement Hearing, along with a summary description of their expected testimony. 11. At least fourteen (14) days prior to the Settlement Hearing set for January 9, 2026, any such person must file the written objection(s) and corresponding materials with the Clerk of the Court, United States District Court for the Southern District of California, United States Courthouse, 333 W. Broadway, Courtroom 12A, San Diego, California 92101, and serve such materials by that date, on each of the following Parties' counsel: Lead Counsel for Plaintiffs THE BROWN LAW FIRM, P.C. Timothy Brown 767 Third Avenue, Suite 2501 New York, NY 10017 tbrown@thebrownlawfirm.net Counsel for Defendants: MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C. Sean T. Prosser 3580 Carmel Mountain Road, Suite 300 San Diego, CA 92130 Telephone: (858) 314-2152 stprosser@mintz.com

12. Only stockholders who have filed with the Court and sent to the Parties' counsel valid and timely written notices of objection and notices of appearance will be entitled to be heard at the hearing unless the Court orders otherwise.

13. Any person or entity who fails to appear or object in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement and to the Fee and Expense Amount and Service Awards, unless otherwise ordered by the Court, but shall be forever bound by the Judgment to be entered and the releases to be given as set forth in the Stipulation.

14. The Parties shall file and serve a motion for final approval of the Settlement at least twenty-eight (28) days prior to the Settlement Hearing. If there is any objection to the Settlement, the deadline for filings in response to the objection(s) is seven (7) days prior to the Settlement Hearing. 15. All proceedings in this Action are stayed until further order of the Court, except as may be necessary to implement the Settlement or comply with the terms of the

5 || Stipulation. 6 16. This Court may, for good cause, extend any of the deadlines set forth in this
7 || Preliminary Approval Order without further notice to RY VYL stockholders. 8 17. Neither the
Stipulation, nor any of its terms or provisions, nor entry of the 9 ||Judgment, nor any document or
exhibit referred or attached to the Stipulation, nor any 10 action taken to carry out the Stipulation,
is, may be construed as, or may be used as 11 ||}evidence of the validity of any of the claims
released herein or an admission by or against 12 || the Individual Defendants of any fault,
wrongdoing, or concession of liability whatsoever. 13 18. The Court may, in its discretion, change
the date and/or time of the Settlement 14 || Hearing without further notice to Current RYVYL
Stockholders and reserves the right to 15 the Settlement Hearing telephonically or by
videoconference without further notice to 16 |Current RYVYL Stockholders. Any Current
RYVYL Stockholder (or his, her or its 17 ||counsel) who wishes to appear at the Settlement
Hearing should consult the Court's 18 calendar and/or the Investor Relations page of RY VYL's
website for any change in the 19 || date, time, or format of the Settlement Hearing. 20 19. The
Court retains jurisdiction to consider all further applications arising out 21 || of or connected with
the proposed Settlement. 22 IT IS SO ORDERED. 23 || Dated: November 14, 2025 (2 apho Cs A)
24 Hon. Gonzalo P. Curiel 5 United States District Judge 26 27 28 23