IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

PEGGY H. OFF, on behalf of herself and all others similarly situated, and derivatively on behalf of Centerline Holding Company, Plaintiff, v. STEPHEN M. ROSS, MARC D. SCHNITZER, LEONARD W. COTTON, JEFF T. BLAU, ROBERT J. DOLAN, ROBERT A. MEISTER, NATHAN GANTCHER, JEROME Y. HALPERIN, ROBERT L. LOVERD, JANICE COOK ROBERTS, THOMAS W. WHITE and THE RELATED COMPANIES, L.P., Defendants, and CENTERLINE HOLDING COMPANY, a Delaware Statutory Trust, Nominal Defendant.	)	Civil Action No. 3468-VCP

MEMORANDUM OPINION

Submitted: September 21, 2009
Decided: December 10, 2009

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PARSONS, Vice Chancellor.

This action is before me on the renewed application of Plaintiff shareholder Peggy H. Off for attorneys' fees in connection with the Complaint she filed on January 15, 2008 in this Court as a derivative and class action (the "Delaware Action"). The Complaint sought to prevent nominal Defendant, Centerline Holding Company ("Centerline"), from entering into an interested transaction with The Related Companies, L.P. ("TRCLP") that, through a private rights offering, benefited a limited number of Centerline shareholders (the "TRCLP Transaction"). On January 22, 2008, the parties reached a tentative settlement of the Delaware Action. A few days later, Centerline announced the closing of the TRCLP Transaction and extended the rights offering to the rest of its shareholders on the same terms (the "Rights Offering").

After the parties provided notice of the proposed settlement to the affected Centerline shareholders, certain shareholders objected. On November 26, 2008, I denied Plaintiff's motion for approval of the settlement to avoid compromising a contemporaneous federal action that also involved Centerline and TRCLP, captioned *Carfagno v. Schnitzer*, No. 08-CV-00912-SAS (S.D.N.Y. Jan. 25, 2008) (the "New York Action").[1] In addition, I stayed further proceedings in the Delaware Action, including a determination of whether Plaintiff had any right to attorneys' fees, pending resolution of the New York Action.[2] On May 18, 2009, the United States District Court for the

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1 *Off v. Ross*, 2008 WL 5053448 (Del. Ch. Nov. 26, 2008).

2 *Id*. at *14.

Southern District of New York approved a settlement in the New York Action.[3] In that context, Plaintiff has renewed her request for attorneys' fees, arguing that her Complaint provided the impetus for the Rights Offering. For the reasons stated in this Memorandum Opinion, I grant Plaintiff's application for attorneys' fees and expenses, but only in the amount of $225,000, rather than the $800,000 that Plaintiff requested.

I. BACKGROUND[4]

A. The Parties

Plaintiff Off is an individual who has owned shares of Centerline stock since March 19, 1987. Off, through her counsel, Grant & Eisenhofer, P.A. and Gardy & Notis, LLP (together, "Plaintiff's Counsel"), filed the Complaint on behalf of herself and other similarly situated Centerline shareholders.

Defendant Stephen M. Ross is a Managing Trustee and the Chairman of the Board of Centerline. At the time the Complaint was filed, Ross owned or controlled 13.9% of Centerline's securities. In 1972, Ross founded Defendant TRCLP, a real estate firm headquartered in New York, New York. Ross owns 92% of TRCLP and serves as its Chairman, Chief Executive Officer, and Managing General Partner.

Defendant Jeff T. Blau is a Managing Trustee of Centerline and President and a Trustee of TRCLP. Blau owns the remaining 8% of TRCLP stock.

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3 *Carfagno v. Schnitzer*, 08 Civ. 912 (SAS) (S.D.N.Y. May 18, 2009).

4 Unless otherwise noted, the facts recited in this Memorandum Opinion are taken from the Court's opinion in *Off*, 2008 WL 5053448.

Nominal Defendant, Centerline, is a Delaware statutory trust with its headquarters in New York. Centerline is an alternative asset manager with a core focus on real estate funds and financing. Centerline primarily operates through and by its subsidiaries, one of which is Centerline Capital Group, a diversified real estate fund manager whose largest stockholder is TRCLP.

The remaining Defendants are Managing Trustees and officers of Centerline.

B. The Facts and Procedural History

During the second half of 2007, Centerline's Board of Trustees decided to transform Centerline from an income-oriented company into a growth-oriented company to attract institutional investors. As part of the plan, Centerline was advised to offer convertible preferred stock to boost its liquidity and support the securitization of its $2.8 billion tax-exempt affordable housing bond portfolio. After failed negotiations with Morgan Stanley and Goldman Sachs, Centerline securitized the portfolio with Freddie Mac and announced the TRCLP Transaction, under which an affiliate of TRCLP would purchase $131 million of Centerline convertible preferred stock. TRCLP was to acquire preferred stock having an 11% dividend rate and a conversion price of $10.75 per share. If TRCLP exercised the conversion rights, it would own 20% of Centerline's common stock.

On January 15, 2008, Off filed her Complaint to prevent consummation of the TRCLP Transaction and recover damages based on various alleged breaches of fiduciary duties. Plaintiff alleged that Centerline was entering into an interested transaction, as Ross was affiliated with both Centerline and TRCLP and a majority of the Centerline

Board was beholden to Ross. Additionally, Plaintiff claimed that the TRCLP Transaction would result in excessive economic and voting dilution of Centerline's stock. Two days later, the Centerline Board held a special meeting to discuss the closing of the TRCLP Transaction. According to Centerline counsel John D'Amico, the Board discussed the possibility of extending a rights offering to all Centerline shareholders due to stockholder dissonance—not as a result of Off's Complaint. On January 22, 2008, Plaintiff and Defendants reached a tentative settlement agreement, pursuant to which Centerline agreed to make the Rights Offering and give all shareholders the opportunity to purchase the convertible preferred stock on the same terms as TRCLP. In return, Off would abandon her attempt to enjoin the TRCLP Transaction. Over the next few days, Centerline announced the closing of the TRCLP Transaction and the Board's authorization of the Rights Offering.

On January 25, 2008, John Carfagno, who later objected to the Off settlement, commenced the New York Action, challenging the TRCLP Transaction and certain related actions of the Centerline Board. Essentially, Carfagno opposed the decision to transform Centerline into a growth-oriented company. In the meantime, Off and Defendants delineated the terms of their settlement and filed it with the Court on March 3, 2008 as part of the papers by which they would provide notice to the class (the "March 3 Stipulation"). The March 3 Stipulation included a provision whereby

Defendants agreed, subject to Court approval, to pay Plaintiff up to $800,000 for attorneys' fees and expenses.[5]

Subsequently, Centerline filed a Prospectus and later commenced the Rights Offering, which remained open until April 4, 2008. The Rights Offering was not contingent upon this Court's approval of the proposed settlement and enabled all Centerline shareholders, except for TRCLP, Ross, and Blau, to subscribe for and purchase shares of the convertible preferred stock on the same terms that had been offered in the TRCLP Transaction. Ultimately, Centerline's other shareholders purchased only 337,316 of the 11 million shares (less than four percent) available in the Rights Offering. Pursuant to a backstop provision negotiated by Plaintiff's counsel, however, TRCLP had to retain the rest of the shares. Consequently, Centerline retained the benefit of an additional $131 million in capital raised through the combination of the TRCLP Transaction and the Rights Offering.

I set a hearing date of May 23, 2008 to consider the proposed settlement. On May 9, 2008, Carfagno filed his objections challenging the adequacy of the proposed settlement and asserting that it would be detrimental to the New York Action. Carfagno appeared at the May 23 hearing, through counsel, and sought the opportunity to take discovery before responding fully to the proposed settlement. I granted Carfagno's

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[5] The proposed settlement also included three other related actions. Plaintiff's Counsel reached an agreement with counsel for plaintiffs in those actions under which $150,000 of the $800,000 in fees and expenses proposed in connection with this settlement were to be shared equally among those counsel. *See* Pl.'s Br. 6.

request and, after completion of the requested discovery, conducted a further hearing on July 15, 2008.

On November 26, 2008, I issued a Memorandum Opinion (the "November 26 Opinion") denying Off's motion for approval of the settlement. In reaching that decision, I found that the costs attendant to the settlement in terms of undermining the broader claims asserted in the New York Action and releasing claims in the Delaware Action outweighed the benefits it provided to the putative class.[6]

Concerning the benefits, I found colorable Carfagno's argument that the Rights Offering would have been extended regardless of whether Off had filed her suit challenging the TRCLP Transaction.[7] Specifically, the evidence showed that the Board actively explored extending the Rights Offering before the Complaint was filed and Defendants did not condition the extension of the Rights Offering on the release of the claims related to the TRCLP Transaction.[8] I rejected the contention, however, that extending the Rights Offering was a *fait accompli*.[9] Additionally, I expressed reservations about the relative value of the benefits achieved in that less than four percent of the remaining Centerline shareholders elected to participate in the Rights Offering. That result was not wholly unexpected, however, as most of Centerline's shareholders are

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6 *Off*, 2008 WL 5053448, at *6-7.

7 *Id*. at *7.

8 *Id*. at *7-8.

9 *Id*. at *9.

retail investors and the market for asset-backed securities had declined significantly between January and early April 2008.[10] Finally, because Off had not identified the specific nature of her contribution to the Prospectus, I determined that the benefit from Plaintiff's input was minimal.[11]

Concerning the costs to shareholders, I determined that there was a significant risk that a release of all of the claims related to the TRCLP Transaction and the Rights Offering would adversely affect the remedies available to the shareholders in the New York Action on claims the parties had tried, unsuccessfully in my view, to exclude from the scope of the release associated with the proposed settlement of the Delaware Action.[12] In the exercise of my business judgment, therefore, I declined to approve the proposed settlement because the benefits were insufficient to justify jeopardizing the facially credible and broader shareholder claims in the New York Action. In addition, I stayed further proceedings in this action until the New York Action was resolved.[13]

On May 18, 2009, a settlement of the New York Action was approved. That settlement required, among other things, an exchange of TRCLP's existing convertible

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10 *Id*. at *8. In that regard, I note for purposes of the application currently before me that the efforts of Plaintiff's counsel in bargaining for an April expiration date of the Rights Offering compared to the earlier date sought by Defendants proved beneficial to the class based on developments in the market, such as the collapse of Bear Stearns in March 2008.

11 *Id*. at *10.

12 *Id*.

13 *Id*. at *14.

preferred shares, which were issued with a $10.75 conversion price and an 11% dividend rate, for a new series of convertible preferred shares with a $12.35 conversion price and a 9.5% dividend rate.[14] In anticipation of that settlement, Off renewed her motion for attorneys' fees on May 6, 2009. On September 28, I heard argument on that motion.

C. Parties' Contentions

Off contends that, notwithstanding this Court's rejection of the proposed settlement of the Delaware Action and the later approval of the settlement of the New York Action, she is entitled to attorneys' fees and expenses because her Complaint caused Centerline to extend the potentially lucrative Rights Offering to its shareholders, thereby providing them with a specific and substantial benefit. The option to participate in the Rights Offering, Off asserts, was particularly valuable given the economic climate. Off urges this Court to award Plaintiff's Counsel $800,000 for fees and expenses, the maximum amount to which Defendants agreed not to object in the proposed settlement of this action. Though the Court rejected the proposed settlement, Off maintains that she still caused a benefit to be conferred on Centerline's shareholders by filing her Complaint, and, therefore, $800,000 in fees and expenses is appropriate and due.

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[14] The plaintiffs in the New York Action obtained an award of $1,300,000 in attorneys' fees and expenses based largely on the improved terms of the new series of convertible preferred shares from the point of view of Centerline and its common shareholders. Pl.'s Br. 10. As emphasized by Off's counsel, however, the value of that purported benefit is somewhat speculative in that, as of May 2009, the common stock of Centerline was trading at $.22 per share. *Id*. at 11. I also note that the members of the Plaintiff class who accepted the Rights Offering retained the benefits of the original conversion price and dividend rate. *Id*. at 6.

Relying on the November 26 Opinion, Defendants argue that because this Court already found the benefits conferred by the Rights Offering to be "marginal," those benefits cannot support any award of attorneys' fees and expenses here. Moreover, Defendants contend that the filing of the Complaint did not cause the extension of the Rights Offering because Centerline was considering taking this course of action before Off filed her Complaint.

II. ANALYSIS

A. Plaintiff's Entitlement to Attorneys' Fees and Expenses

The general or American Rule is that a litigant must defray her own attorneys' fees and costs associated with litigation.[15] Nevertheless, Delaware courts have long recognized the "common corporate benefit" doctrine as an exception to the American Rule and a basis for the reimbursement of attorneys' fees and expenses in corporate litigation.[16] "Under this doctrine, a litigant who confers a common monetary benefit upon an ascertainable stockholder class is entitled to an award of counsel fees and expenses for its efforts in creating the benefit."[17] However, "it is not an absolute necessity that monetary benefit be conferred upon the class as a whole provided the litigation, even though unsuccessful, has specifically and substantially benefited the class

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15 *Greenfield v. Frank B. Hall & Co.*, 1992 WL 301348, at *3 (Del. Ch. Oct. 19, 1992) (citing *Chrysler Corp. v. Dann*, 223 A.2d 384, 386 (Del. 1966)).

16 *United Vanguard Fund, Inc. v. Takecare, Inc.*, 693 A.2d 1076, 1079 (Del. 1997); *see Goodrich v. E.F. Hutton Gp., Inc.*, 681 A.2d 1039 (Del. 1996).

17 *United Vanguard*, 693 A.2d at 1079 (citing *Tandycrafts, Inc. v. Initio P'rs*, 562 A.2d 1162, 1164 (Del. 1989)); *see also Chrysler*, 223 A.2d at 386.

which, in a derivative action, is the corporation."[18] Further, "[t]he entitlement to attorneys' fees is not necessarily predicated on a final adjudication after trial, [] because attorney's fees may be awarded, in appropriate circumstances, where a defendant corporation takes action that settles or moots the case."[19]

Here, the circumstances are unusual because the opportunity to participate in the Rights Offering provided a concrete but nonmonetary benefit, was not the result of a final adjudication, and was not conditioned on the Court's approval of the proposed settlement of which it was a part. Centerline's Board effectively mooted the Delaware Action when it extended the Rights Offering because that was the relief Off sought. Accordingly, to recover her attorneys' fees, Off must show that: "(1) the suit was meritorious when filed; (2) the action producing benefit to the corporation was taken by the defendants before a judicial resolution was achieved; and (3) the resulting corporate benefit was causally related to the lawsuit."[20] The Court, however, may exercise its discretion to deny attorneys' fees "altogether if the Court finds that the litigation did not result in any ascertainable benefit to the corporation."[21] Therefore, I must determine at the threshold

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18 *Chrysler*, 223 A.2d at 386.

19 *Greenfield*, 1992 WL 301348, at *3.

20 *United Vanguard*, 693 A.2d at 1079 (citing *Allied Artists Pictures Corp. v. Baron*, 413 A.2d 876, 878 (Del. 1980)); *see also Grimes v. Donald*, 791 A.2d 818, 821 (Del. Ch. 2000).

21 *Greenfield*, 1992 WL 301348, at *3; *see also Tandycrafts*, 562 A.2d at 1165.

whether or not extending the Rights Offering provided a specific and substantial benefit to the class.

1. Was the benefit specific and substantial?

As explained by the Supreme Court of Delaware, "[t]he definition of a corporate benefit . . . is elastic . . . and need not be measurable in economic terms."[22] For example, "[c]hanges in corporate policy or . . . a heightened level of corporate disclosure . . . may justify an award of counsel fees."[23] In *Initio Partners v. Tandycrafts, Inc.*, the plaintiff alleged that the defendants submitted defective proxy materials to the company's shareholders.[24] Subsequently, the defendants issued supplementary proxy materials to meet the plaintiff's demands, rendering the litigation moot. At the company's annual meeting, the proposed amendments described in the proxy materials were soundly defeated.[25] The plaintiff then applied for attorneys' fees and expenses, claiming that its lawsuit caused the defendants to confer a specific and substantial benefit upon the company's shareholders. The court held that the act of correcting the proxy materials provided a specific and substantial benefit to the shareholders because "the omitted

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22 *Tandycrafts*, 562 A.2d at 1165*; see also Chrysler*, 223 A.2d at 386; *Allied Artists*, 413 A.2d at 878.

23 *Tandycrafts*, 562 A.2d at 1165.

24 1988 WL 53317, at *1 (Del. Ch. May 23, 1988), *aff'd*, 562 A.2d 1162 (Del. 1989).

25 *Id*.

information was material to the issue before the shareholders."[26] The outcome of the vote was irrelevant.

I find that the opportunity afforded to Centerline shareholders to participate in the Rights Offering provided them a specific and substantial benefit. Whether the convertible preferred stock was a wise investment is not at issue, nor is it dispositive that only a relatively small number of shareholders elected to participate in the Rights Offering; the opportunity to participate was, by itself, a specific and substantial benefit. The shareholders' ability to assess the pros and cons of the Rights Offering while secure in the knowledge that, even if they chose not to participate, Centerline would have the benefit of the additional capital provided by the TRCLP Transaction was particularly significant based on the then prevailing economic climate and the potential value of the convertible preferred stock.

Defendants' reliance on the language of the November 26 Opinion, which characterized the benefit provided by the Rights Offering as "marginal,"[27] is misplaced. That statement must be viewed in context. In the November 26 Opinion, I balanced the Rights Offering's benefits against the costs attendant to a proposed settlement of the relatively narrow Delaware Action, which not only would have released the claims in that action, but also risked hamstringing the broader claims in the co-pending New York Action. In that context, I declined to approve the proposed settlement because the costs

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26 *Id*.

27 *Off v. Ross*, 2008 WL 5053448, at *7 (Del. Ch. Nov. 26, 2008).

of the settlement, in terms of both the Delaware and New York Actions, outweighed the benefits of the Rights Offering, which I considered marginal in comparison.[28] I did not address the separate and distinct inquiry presented here: whether the benefit of the Rights Offering was sufficient under the corporate benefit doctrine to justify an award of attorneys' fees on mootness grounds.[29]

2. Was the suit meritorious when filed?

A "claim is meritorious within the meaning of the rule if it can withstand a motion to dismiss on the pleadings if, at the same time, the plaintiff possesses knowledge of provable facts which hold out some reasonable likelihood of ultimate success."[30] "It is not necessary that factually there be absolute assurance of ultimate success, but only that there be some reasonable hope."[31]

Off's Complaint alleged duty of loyalty violations and improper economic and voting dilution against the Centerline Board, all based on its approval of the TRCLP Transaction. At the least, these claims are colorable. Ross played a significant role in both Centerline and TRCLP and was positioned to receive a substantial benefit from the TRCLP Transaction. The facts alleged in the Complaint suggested that a majority of the Centerline Board was beholden to Ross and would have been motivated to approve the

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28 *Id.* at 13.

29 Indeed, I explicitly left that issue open. *See Id.* at *14 n.50.

30 *Chrysler*, 223 A.2d at 387; *see also Grimes*, 791 A.2d at 822 (articulating the standard as whether the "claims presented could withstand a motion to dismiss.").

31 *Id*.

TRCLP Transaction for that reason. Further, it is plausible that the terms of the TRCLP Transaction reflected a "sweetheart deal" tailored to benefit Ross. The absence of effective procedural safeguards to ameliorate the apparent conflict of interest between Ross and Centerline's Board strengthened Off's claim. Thus, when the Complaint was filed, Off had, at a minimum, a "reasonable hope" of succeeding on her claims.

3. Did the action that produced the benefit occur before a judicial resolution?

There is no dispute that Centerline extended the Rights Offering to its shareholders on March 7, 2008, long before the provisional resolution of the Delaware Action on November 26, 2008. Moreover, Defendants did not condition the Rights Offering on the Court's approval of the proposed settlement.

4. Was the benefit causally related to Off's suit?

Defendants "ha[ve] the burden to show that 'no causal connection existed between the initiation of the suit and any later benefit to the shareholders.'"[32] A rebuttable presumption of causal connection exists between a plaintiff's suit and a beneficial action taken by the defendant "because it is the 'defendant, and not the plaintiff, who is in a position to know the reasons, events and decisions leading up to the defendant's

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[32] *Cal-Maine Foods, Inc. v. Pyles*, 858 A.2d 927, 929 (Del. 2004) (quoting *United Vanguard Fund, Inc. v. Takecare, Inc.*, 693 A.2d 1076, 1080 (Del. 1997)).

action.'"[33] Therefore, Defendants must demonstrate that the lawsuit did not cause their action.[34]

In this case, Defendants deny that Off's Complaint caused them to extend the Rights Offering to the Plaintiff class. Defendants assert that they were contemplating extending the Rights Offering even before Off filed her Complaint. To prove their point, Defendants cite my November 26 Opinion, which acknowledged as "colorable" the possibility that Defendants would have extended the Rights Offering even if Off had not filed her suit.[35] In the November 26 Opinion, however, I expressly stated that "I am not convinced the Rights Offering constituted a *fait accompli*."[36] Defendants produced no additional evidence beyond what they adduced in connection with the hearing on the proposed settlement that preceded the November 26 Opinion. Despite the rebuttable presumption against them on the present motion, Defendants relied solely upon that skeletal record.

Although there is some evidence from which one could infer Defendants would have made the Rights Offering regardless of Plaintiff's lawsuit, the inference is not conclusive. Furthermore, even assuming that Defendants had decided to extend the

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33 *United Vanguard*, 693 A.2d at 1080 (quoting *Allied Artists Pictures Corp. v. Baron*, 413 A.2d 876, 880 (Del. 1980)).

34 *Id*.

35 *Off v. Ross*, 2008 WL 5053448, at *9 (Del. Ch. Nov. 26, 2008) (citing D'Amico's affidavit).

36 *Id*.

Rights Offering before Off filed her Complaint, there is no evidence that Defendants would have done so on the precise terms to which they ultimately agreed. In fact, it is reasonable to infer that some of the terms Plaintiff's Counsel obtained through arm's-length bargaining with Defendants, such as the enlargement of the time during which the Rights Offering remained open and the backstopping provisions, would not have been part of a unilateral action taken by Defendants. In the end, Defendants had the burden of rebutting the presumption of causation and simply failed to meet this burden.

B. The Amount of Attorneys' Fees and Expenses

Plaintiff seeks $800,000 in attorneys' fees and expenses, the amount previously agreed upon in connection with the proposed settlement. Plaintiff relies in part upon the proposed settlement as justification for receiving $800,000, despite the fact that it was never approved. Additionally, Off asserts that her counsel, who are "experienced and highly capable practitioners in shareholder litigation," vigorously pursued this complex litigation.[37] Plaintiff further contends that a multiplier is appropriate here based on the contingent nature of the case. Defendants counter that if attorneys' fees and expenses are awarded, they should be calculated on a *quantum meruit* basis and only reflect the hours that Plaintiff's Counsel dedicated to the Delaware Action.

Where the achieved benefit is unquantifiable, the Court lacks "any yardstick against which to measure the reasonableness" of a fee request, other than on a *quantum*

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[37] Pl.'s Br. 16-18.

meruit basis.[38] "Under a *quantum meruit* approach, the Court would consider the work the attorneys performed to achieve the benefit, and the amount and value of attorney time required for that purpose, taking into account the experience of counsel and the contingent nature of the case."[39]

Contrary to Plaintiff's position, I accord no significant weight to the fee reflected in the proposed settlement that I declined to approve. The mere fact that Defendants previously agreed not to oppose a request for $800,000 does not make that figure appropriate. That is especially true here because I accorded less value to the claimed benefit to the class than the parties did. Instead, having determined that the Delaware Action achieved a specific and substantial, but unquantifiable benefit, I conclude that the grant of attorneys' fees and expenses here should be based on *quantum meruit*.

Plaintiff's Counsel expended 415 hours litigating the Delaware Action. Not all of the claimed 415 hours, however, are causally related to the benefit obtained. It was primarily the activities up to and including the negotiation of the proposed settlement that caused Defendants to extend the Rights Offering on the terms they did. Therefore, the hours dedicated to litigation after the parties reached agreement on the final terms of the proposed settlement are less relevant to this application. I also note that Plaintiff agreed to compensate her counsel on a contingent basis, which generally favors an award

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[38] *In re Diamond Shamrock Corp.*, 1988 WL 94752, at *4 (Del. Ch. Sept. 14, 1988); *see also Sugarland Indus., Inc. v. Thomas*, 420 A.2d 142, 152 (Del. 1980).

[39] *Diamond*, 1988 WL 94752, at *4.

reflecting at least counsel's normal hourly rate for similar litigation. Taking into consideration all the circumstances surrounding the Delaware Action and the terms of Plaintiff's representation, I award Plaintiff's Counsel $225,000 in attorneys' fees and expenses. This award gives Plaintiff's Counsel the benefit of a generous average hourly rate in excess of $500 and a modest multiplier for contingency.[40]

III. CONCLUSION

For the reasons stated, I find that Plaintiff's actions in prosecuting the Delaware Action caused Defendants to confer a specific and substantial benefit upon Centerline's shareholders and award Plaintiff's Counsel $225,000 in attorneys' fees and expenses for their efforts in the Delaware Action. Plaintiff's Counsel shall submit, on notice, an appropriate form of judgment to implement this ruling.

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[40] Based on the papers submitted, Plaintiff's Counsel had an average hourly rate of $523.74. The 415 hours Plaintiff's Counsel worked yields attorneys' fees of approximately $217,641. Plaintiff's Counsel's expenses were $4,779. Therefore, the "lodestar" for their work would be $222,420, which approximates the amount of my award. Assuming something less than the full 415 hours of effort caused the claimed benefit, the amount awarded reflects a modest multiplier for contingency.

I also note that were I to award Plaintiff's Counsel (and counsel in the related actions) the requested $800,000 in attorneys' fees, they would have received a much higher multiplier of 3.68, which would have equated roughly to an hourly rate of $1,925.