

In re CenturyLink Sales Practices and Securities Litigation

COURT: United States District Court for the District of Minnesota
CASE NUMBER: 3:17-md-02795-MJD-KMM (MDL); 0:18-cv-00296-MJD-KMM (Securities)
CLASS PERIOD: 03/01/2013 - 07/12/2017
CASE LEADERS: Michael D. Blatchley
CASE TEAM: Michael Mathai

This securities class action (the “Action”) asserted claims pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against CenturyLink, Inc. (“CenturyLink” or the “Company”), and certain of its senior executives (collectively with CenturyLink, “Defendants”), arising out of allegedly false and misleading statements concerning the Company’s fraudulent billing practices from March 1, 2013 through July 12, 2017 (the “Class Period”).

Plaintiffs Have Settled the Action for \$55 Million

The Court-appointed Lead Plaintiff and Class Representative the State of Oregon by and through the Oregon State Treasurer and the Oregon Public Employee Retirement Board, on behalf of the Oregon Public Employee Retirement Fund, and named plaintiff and Class Representative Fernando Alberto Vildosola, as trustee for the AUFV Trust U/A/D 02/19/2009 (collectively, “Plaintiffs”), have reached a settlement of the Action for \$55,000,000 in cash that resolves all claims in the Action (the “Settlement”).

The Settlement Fairness Hearing set by the Court to consider final approval of the Settlement, the proposed Plan of Allocation, and Lead Counsel’s motion for attorneys’ fees and expenses was held on **July 20, 2021 at 11:00 a.m. CDT**. Following the hearing, the Court entered a final Judgment and a Memorandum of Law and Order finally approving the Settlement, approving the Plan of Allocation for the proceeds of the Settlement, and awarding attorney’s fees and litigation expenses to Plaintiffs’ Counsel.

The claims administration was completed in May 2022. On May 20, 2022, the Motion for Approval of Distribution Plan was filed. On August 4, 2022, the Court entered the Order Approving the Distribution Plan. The initial distribution occurred on September 23, 2022. The second distribution occurred on May 30, 2024. Subsequent distributions will occur on a rolling basis, provided that net settlement funds are available. You may visit the case website, www.centurylinksecuritieslitigation.com for more information about the Settlement.

The Litigation

CenturyLink is a communications company that provides a wide variety of telecom services, including broadband internet, Ethernet, managed hosting, video entertainment, television, and phone and VoIP, throughout the United States. During the Class Period, CenturyLink made a series of false and misleading statements, including that its employees were subject to a strict code of conduct that prohibited employees from “placing...an order for our products and services for a customer without that customer’s authorization,” that the Company promoted its services based on customer “needs,” and that its strategy of “bundling” services helped “maintain...customer relationships” and “enhance customer loyalty.” The Company also reported strong revenue growth and sales, and represented that its financial condition was strong and growing.

In truth, CenturyLink incentivized unethical and unlawful behavior, including by allowing CenturyLink employees to add services, lines, and accounts for customers without their permission, resulting in millions of dollars in unauthorized charges to CenturyLink customers. Further, contrary to CenturyLink's representations, the Company's revenues and earnings growth were unsustainable because they were dependent upon improper and illegal conduct that subjected the Company to heightened regulatory scrutiny, governmental action, and significant sanctions that could severely curtail its business.

Investors learned the true facts about the Company's business practices and financial condition through a series of corrective disclosures. First, on June 16, 2017, *Bloomberg* reported that a former CenturyLink employee filed a whistleblower lawsuit alleging that she was wrongfully terminated after notifying CenturyLink's CEO about the Company's improper sales practices, including secretly billing millions of dollars of unauthorized charges to CenturyLink customers. On June 19, 2017, *Bloomberg* reported that a consumer class action lawsuit against the Company had been filed on behalf of CenturyLink customers seeking up to billions of dollars in damages in connection with CenturyLink's unlawful billing practices. Then, on July 12, 2017, the Minnesota Attorney General announced that it had filed a lawsuit against CenturyLink alleging violations of state consumer protection laws after a year-long investigation which provided extensive detail concerning CenturyLink's billing misconduct. These revelations resulted in sharp declines in the prices of CenturyLink's securities, causing investors to incur substantial losses.

In the wake of these disclosures, on June 21, 2017, the first of several securities class actions was filed against the Company. On October 20, 2017, Magistrate Judge H. L. Perez-Montes of the Western District of Louisiana consolidated the related securities class actions and appointed the State of Oregon by and through the Oregon State Treasurer and the Oregon Public Employee Retirement Board, on behalf of the Oregon Public Employee Retirement Fund as Lead Plaintiff, and Bernstein Litowitz Berger & Grossmann LLP and Stoll Stoll Berne Lokting & Shacter, P.C. as Co-Lead Counsel.

In February 2018, the Judicial Panel on Multidistrict Litigation transferred the consolidated actions to the District of Minnesota before the Honorable Michael J. Davis. On April 20, 2018, Judge Davis consolidated a subsequently-filed securities class action against CenturyLink under Oregon's leadership.

On June 25, 2018, Oregon filed a consolidated securities class action complaint. Briefing on Defendants' motion to dismiss was completed on November 9, 2018. Defendants' motion to dismiss was heard on June 7, 2019. On July 30, 2019, Judge Davis issued an order denying Defendants' motion to dismiss in its entirety.

Plaintiffs filed their motion for class certification on January 21, 2020 and completed briefing on June 19, 2020. On September 14, 2020, the Class was certified when Judge Davis granted Plaintiffs' motion for class certification in full. The Class is defined as all persons and entities that purchased or otherwise acquired publicly-traded CenturyLink, Inc. common stock or 7.60% Senior Notes due September 15, 2039, during the period between March 1, 2013 to July 12, 2017, inclusive, and who were damaged thereby.

Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorney's Fees and Litigation Expenses
- August 4, 2022 - Dkt 1014 Order Approving Distribution Plan

- July 1, 2022 - Notice Of Hearing On Motion Approval Of Distribution Plan
- May 20, 2022 - Motion Approval Of Distribution Plan
- May 20, 2022 - Memorandum In Support of Motion Approval Of Distribution Plan
- May 20, 2022 - Declaration Of Owen F. Sullivan In Support Of Motion Approval Of Distribution Plan
- May 20, 2022 - Proposed Order To Judge Re Approval Of Distribution Plan
- July 21, 2021 - Judgment Approving Class Action Settlement
- July 21, 2021 - Order Granting Motion for Approval of Settlement and Granting Motion for the Award of Attorneys' Fees and Litigation Expenses
- July 13, 2021 - Reply Memorandum Of Law In Further Support Of (I) Plaintiffs' Motion For Final Approval Of Class Action Settlement And Plan Of Allocation And (Ii) Lead Counsel's Motion For An Award Of Attorneys' Fees And Litigation Expenses
- July 13, 2021 - Supplemental Declaration of Michael D. Blatchley
- July 13, 2021 - Supplemental Declaration Of Owen F. Sullivan Regarding: (A) Mailing Of The Notice And Claim Form And (B) Report On Requests For Exclusion Received
- June 15, 2021 - Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation
- June 15, 2021 - Notice of Hearing on Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation
- June 15, 2021 - Memorandum of Law in Support of Plaintiffs' Motion for Final Approval Class Action Settlement and Plan of Allocation
- June 15, 2021 - Lead Counsel's Motion for an Award of Attorneys' Fees and Litigation Expenses
- June 15, 2021 - Notice of Hearing on Leading Counsel's Motion for an Award of Attorneys' Fees and Litigation Expenses
- June 15, 2021 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Expenses
- June 15, 2021 - Joint Declaration in Support of Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation and Lead Counsel's Motion for an Award of Attorneys' Fees and Litigation Expenses
- June 15, 2021 - Local Rule 7.1 Meet-and-Confer Statement Regarding Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation
- March 18, 2021 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Notice of Settlement Pursuant to Fed. R. CIV. P. 23(e) (1)
- February 22, 2021 - Stipulation and Agreement of Settlement
- July 30, 2019 - Memorandum of Law and Order Denying Defendants' Motion to Dismiss

- June 25, 2018 - Consolidated Securities Class Action Complaint