

## *In re Commvault Systems, Inc. Securities Litigation*

**COURT:** United States District Court for the District of New Jersey  
**CASE NUMBER:** 14-cv-05628  
**CLASS PERIOD:** 5/7/2013 - 4/24/2014  
**CASE LEADERS:** James A. Harrod, Rebecca E. Boon

This is a class action alleging violations of federal securities law brought on behalf of persons and entities who purchased or otherwise acquired shares of the publicly traded common stock of Commvault Systems, Inc. during the period beginning on May 7, 2013 through and including April 24, 2014 (the “Class Period”).

### **Lead Plaintiff Has Settled the Action for \$12.5 Million**

The Court-appointed Lead Plaintiff, Arkansas Teacher Retirement System, has reached a settlement of this action for \$12,500,000 in cash that resolves all claims in the action. **On May 14, 2018, following a hearing, the Court approved the Settlement.**

### **Background and Litigation History**

Commvault is a software company whose stock trades on the NASDAQ stock exchange under the ticker symbol “CVLT.”

On September 10, 2014, BLB&G filed a class action complaint in the United States District Court for the District of New Jersey (the “Court”), alleging violations of federal securities laws against Commvault and N. Robert Hammer, Commvault’s Chairman, President, and Chief Executive Officer, and Brian Carolan, Commvault’s Vice President and Chief Financial Officer (the “Individual Defendants”).

By Order dated January 12, 2015, the Court appointed Arkansas Teacher Retirement System as Lead Plaintiff for the Action and approved Lead Plaintiff’s selection of BLB&G as Lead Counsel for the class.

On March 19, 2015, Lead Plaintiff filed and served its Amended Class Action Complaint (the “Amended Complaint”) asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. Among other things, the Amended Complaint alleged that Defendants made materially false and misleading statements about Commvault’s business and financial results, including improperly deferring software revenue in order to conceal the financial impact of the loss of its largest business partner, Dell, Inc. The Amended Complaint further alleged that the price of Commvault common stock was artificially inflated as a result of Defendants’ allegedly false and misleading statements, and declined when the truth was revealed.

On May 26, 2015, Defendants served a motion to dismiss the Amended Complaint. On July 1, 2015, Lead Plaintiff served its memorandum of law in opposition to this motion and, on August 24, 2015, Defendants served their reply papers.

On October 30, 2015, the Court issued its decision from the bench granting Defendants’ motion to dismiss the Amended Complaint, with leave to amend, because the Amended Complaint did not adequately allege that Commvault’s alleged deferral of revenues violated Generally Accepted Accounting Principles. On December 17, 2015, the Court entered an order reflecting that decision, granting Defendants’ motion to dismiss and providing Lead Plaintiff leave to amend the complaint within 30 days.

On February 5, 2016, Lead Plaintiff filed and served the Second Amended Class Action Complaint (the “Second Amended Complaint” or “Complaint”). The Complaint, like the Amended Complaint, asserted claims against all Defendants under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint alleged claims substantially similar to those alleged in the Amended Complaint, including allegations that Defendants intentionally deferred recognition of Commvault revenues in order to conceal the financial impact of the loss of its largest business partner, Dell, Inc., in violation of Generally Accepted Accounting Principles. The Complaint appended declarations from two experts concerning the alleged accounting violations.

On April 5, 2016, Defendants filed and served a motion to dismiss the Second Amended Complaint and a motion to strike the expert declarations that had been attached as exhibits to the Second Amended Complaint. Lead Plaintiff filed and served its papers in opposition to those motions on June 6, 2016, and Defendants filed and served their reply papers on July 21, 2016. Oral argument on the motions was held on August 16, 2016. On September 30, 2016, the Court entered a Memorandum and Order denying the motions. On October 28, 2016, Defendants filed and served their Answer to the Complaint.

Discovery in the Action commenced in November 2016. Defendants and third parties produced more than 1.8 million pages of documents to Lead Plaintiff. Lead Plaintiff produced over 32,000 pages of documents to Defendants, and Defendants deposed a representative of Lead Plaintiff. The parties also served and responded to interrogatories and exchanged numerous letters concerning discovery issues.

On May 12, 2017 Lead Plaintiff filed its motion for class certification, which was accompanied by a report from Lead Plaintiff’s expert on market efficiency and common damages methodologies.

The Court ordered the Parties to appear at a settlement conference before Magistrate Judge Lois H. Goodman on May 17, 2017. Prior to that conference, Lead Plaintiff provided Defendants with an initial settlement demand and the Parties provided mediation statements to the Court. Following that conference, the Parties agreed to engage in private mediation in an attempt to resolve the Action.

On June 13, 2017, the Court appointed Robert A. Meyer, Esq. of JAMS to act as mediator in the case and stayed all proceedings in the Action pending the outcome of the mediation. On August 18, 2017, Lead Counsel and Defendants’ Counsel participated in a mediation session before Mr. Meyer. In advance of that session, the Parties exchanged detailed mediation statements, which addressed the issues of liability, damages, and class certification. The session ended without any agreement being reached.

A second mediation session before Mr. Meyer was held on September 11, 2017. Following that mediation, the Parties reached an agreement in principle to settle the Action that was memorialized in a term sheet (the “Term Sheet”) executed on October 2, 2017. The Term Sheet set forth, among other things, the Parties’ agreement to settle and release all claims asserted against Defendants in the Action in return for a cash payment of \$12,500,000 for the benefit of the Settlement Class.

On November 30, 2017, the Parties entered into a Stipulation and Agreement of Settlement, which sets forth the full terms and conditions of the Settlement. On January 22, 2018, the Court preliminarily approved the Settlement, authorized notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing for May 14, 2018.

On May 14, 2018, following the Settlement Hearing, the Court entered the Judgment Approving Class Action Settlement, which finally approved the Settlement as fair, reasonable and adequate to members of the Settlement Class. On May 21, 2018, the court entered an Order Approving the Plan of Allocation and an Order Awarding Attorneys' Fees and Reimbursement of Litigation Expenses.

The claims administration was completed in November 2019. On November 22, 2019, the Motion for Approval of Distribution Plan was filed. On July 10, 2020 the Court entered the Order Approving the Distribution Plan. The initial distribution occurred in November 2020. The second distribution occurred in March 2024. The net settlement fund has been fully disbursed. This matter is now closed.

## Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- July 10, 2020 - Order Approving Distribution Plan
- November 22, 2019 - Notice of Motion for Approval of Distribution Plan
- November 22, 2019 - Memorandum In Support of Lead Plaintiff's Motion for Approval of Distribution Plan
- November 22, 2019 - Declaration In Support of Lead Plaintiff's Motion for Approval of Distribution Plan
- November 22, 2019 - Exhibit A
- November 22, 2019 - Exhibit B
- November 22, 2019 - Exhibit C
- November 22, 2019 - Exhibit D
- November 22, 2019 - Exhibit E
- November 22, 2019 - Exhibit F
- November 22, 2019 - Exhibit G
- November 22, 2019 - Exhibit H
- November 22, 2019 - Proposed Order
- May 21, 2018 – Order Approving Plan of Allocation of Net Settlement Fund
- May 21, 2018 – Order Awarding Attorneys' Fees and Reimbursement of Litigation Expenses
- May 14, 2018 – Judgment Approving Class Action Settlement
- April 9, 2018 - Notice of Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation
- April 9, 2018 - Memorandum of Law in Support of Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation

- April 9, 2018 - Notice of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- April 9, 2018 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- April 9, 2018 - Declaration of James A. Harrod in Support of (I) Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation; and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- January 22, 2018 - Order Preliminarily Approving Settlement and Providing for Notice
- November 30, 2017 - Stipulation and Agreement of Settlement
- February 5, 2016 - Second Amended Class Action Complaint
- March 19, 2015 - Amended Class Action Complaint
- September 10, 2014 - Class Action Complaint