

ComScore, Inc. Securities Litigation

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 1:16-cv-01820-JG
CLASS PERIOD: 02/11/2014 - 11/23/2016
CASE TEAM: Catherine E. van Kampen

This is a securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired comScore, Inc. ("comScore" or the "Company") securities between February 11, 2014 through November 23, 2016, inclusive (the "Class Period"). This action alleges that comScore—a provider of data, metrics, products and services to clients in the media, advertising, and marketing industries—and certain of its senior officers (collectively, "Defendants") defrauded investors by engaging in an accounting fraud that resulted in the overstatement of revenue and other important financial metrics.

Plaintiffs claim that throughout the class period, comScore made materially false and misleading statements to investors by reporting positive financial results, touting "record revenues, strong profitability and net income from operations," and assuring investors that adequate financial and disclosure controls and procedures were in place to ensure the accuracy of its financial statements. However, the truth about the Company's fiscal position and its fraudulent accounting practices began to unfold following comScore's March 7, 2016 announcement that it would not file its Form 10-K due to an internal review of its financial statements by its Audit Committee and independent public accountants initiated after receiving "a message regarding certain potential accounting matters." The company also suspended its share repurchase program. This news rattled investors and caused the price of comScore stock to fall 33.5%.

Thereafter, on September 15, 2016, comScore disclosed that it would restate its publicly reported financial statements for a period of more than three years, an admission that those statements were materially false and misleading, violated Generally Accepted Accounting Principles ("GAAP"), and improperly recognized more than \$43 million in fictitious revenues. Then, on November 23, 2016, comScore disclosed that it would be making additional revenue adjustments and moreover that it suffered from serious internal controls deficiencies, including "concerns about tone at the top" and "the failure to provide information to the Company's accounting group and its external auditors."

In response to this news, which the Wall Street Journal described as a "pre-Thanksgiving turkey," comScore's battered share price dropped another 5%, closing at just \$28.94 per share on November 25, 2016—a significant fall from a Class Period high of more than \$64 per share.

Settlement

On December 28, 2017, the parties entered into the Stipulation and Agreement of Settlement setting forth the terms and conditions of the proposed settlement of this Action for \$110,000,000.00, with \$27,231,527.20 paid in cash and \$82,768,472.80 paid in shares of comScore common stock (the "Settlement"). Following a hearing on June 7, 2018, the Court entered the Judgment finally approving the Settlement and resolving all remaining claims in the Action. The Court also entered separate Orders approving the proposed Plan of Allocation for the proceeds of the Settlement and awarding Plaintiffs' Counsel attorneys' fees and reimbursement of Litigation Expenses.

On April 30, 2019, the Court approved Lead Plaintiffs' plan for distribution of the settlement fund. The Initial Distribution occurred in June 2019 and the Second Distribution occurred in December 2020. A final distribution occurred in November 2022. The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is considered closed.

Case Documents

- April 30, 2019 - Order Approving Distribution Plan
- Notice - Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- June 7, 2018 - Order Approving Plan of Allocation of Net Settlement Fund
- June 7, 2018 - Judgment Approving Class Action Settlement
- June 7, 2018 - Order Awarding Attorneys' Fees and Reimbursement of Litigation Expenses
- May 3, 2018 - Notice of Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation
- May 3, 2018 - Memorandum of Law in Support of Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation
- May 3, 2018 - Notice of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- May 3, 2018 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- May 3, 2018 - Declaration of John C. Browne in Support of (I) Lead 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 Reimbursement of Litigation Expenses
- January 29, 2018 - Order Preliminarily Approving Settlement and Providing for Notice
- December 28, 2017 - Stipulation and Agreement of Settlement
- January 13, 2017 - Second Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws
- October 19, 2016 - Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws