In re EQT Corporation Securities Litigation

COURT: United States District Court for the Western District of Pennsylvania
CASE NUMBER: 2:19-cv-00754-MPK
CLASS PERIOD: 06/19/2017 - 06/17/2019
CASE LEADERS: Salvatore J. Graziano, Hannah Ross, Adam H. Wierzbowski, Jesse L. Jensen
CASE TEAM: Thomas Sperber, Ryan McCurdy, Jared Hoffman, Megan Taggart, Shane Avidan

This securities class action lawsuit, which is pending in the United District Court for the Western District of Pennsylvania against EQT Corporation ("EQT" or the "Company") (NYSE: EQT) and certain of the Company's senior executives and directors (collectively, "Defendants"), asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and SEC Rule 10b-5 on behalf of investors who purchased EQT's common stock between June 19, 2017 and June 19, 2019, inclusive (the "Class Period"). The action also asserts claims under Section 14(a) of the Exchange Act and SEC Rule 14a-9 on behalf of shareholders of EQT and Rice Energy Inc. ("Rice") who held EQT or Rice shares as of the record dates of September 25, 2017, and September 21, 2017, respectively, and were entitled to vote at an EQT or Rice special meeting on November 9, 2017 with respect to EQT's acquisition of Rice, which closed on November 13, 2017. The action further asserts claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") on behalf of all persons who acquired EQT common stock in exchange for their shares of Rice common stock in the Acquisition.

The Complaint alleges that during the Class Period, Defendants falsely stated that EQT's acquisition of Rice, a rival gas producer, would yield billions of dollars in synergies based on purported operational benefits. Specifically, on June 19, 2017, Defendants announced that EQT had entered into an agreement to acquire Rice for $6.7 billion. Defendants represented that because Rice had an acreage footprint largely contiguous to EQT's existing acreage, the acquisition would allow EQT to achieve "a 50% increase in average lateral [drilling] lengths" (as opposed to more traditional vertical well drilling). EQT claimed that as a result, the merger would result in $2.5 billion in synergies, including $100 million in cost savings in 2018 alone.

After the closing in November 2017, the Company continued to tout the "significant operational synergies" of the merger. As a result of Defendants' misrepresentations, EQT shares traded at artificially inflated prices throughout the Class Period. On March 15, 2018, just five months after the acquisition closed, EQT announced the sudden and unexpected resignation of its CEO. Then, on October 25, 2018, the Company reported poor third-quarter financial results caused by an increase in total costs, and disclosed that its estimated capital expenditures for well development in 2018 would increase by $300 million. As a result, the Company reduced its full-year forecast for 2018. These disclosures caused EQT shares to decline by 13%, dropping from a close of $40.46 per share on October 24, 2018 to $35.34 on October 25, 2018. Thereafter, on February 5, 2019, intent on taking back control over EQT, former Rice executives released a presentation discussing their plan to transform EQT, which emphasized that EQT had been understating its actual well costs and that it had "erroneously adjusted" such costs. This disclosure caused EQT shares to decline by 3.5%. Finally, on June 17, 2019, the former Rice executives filed lengthy proxy materials that disclosed, among other things, that EQT ultimately failed to achieve the benefits of the Rice acquisition, that EQT terminated Rice executives following the acquisition despite its representations that it would retain Rice employees, and that EQT was excluding more than $300 million in costs it capitalized from its well costs. As the market digested this information, EQT's stock price fell by 5%.

In September 2019, the Court appointed BLB&G's client the Government of Guam Retirement Fund as Co-Lead Plaintiff and BLB&G as Co-Lead Counsel. Per the schedule set by the Court, Lead Plaintiffs filed the Amended Complaint in December 2019, and Defendants filed their motion to dismiss the Complaint in January 2010. Lead Plaintiffs filed their Opposition to the motion to dismiss in March 2020, and Defendants filed their reply brief later in March. In December 2020, the Court denied Defendants' motion to dismiss in its entirety. The parties are now conducting fact discovery. We filed our motion for class certification in April 2021; Defendants' filed their opposition to the motion in June 2021; and we filed our reply in support of class certification in August 2021. The Court entered an order granting our motion for class certification in August 2022. Defendants filed a petition for leave to appeal the class-certification order to the Third Circuit, and the Third Circuit denied Defendants' petition in September 2022. Document discovery and depositions of fact witnesses have been substantially completed, and the parties have served their opening expert reports and deposed each other's experts. Our expert reply reports were served on December 1, 2023, and Defendants will now depose our experts about their reply reports and then file sur-reply expert reports.

Case Documents

- August 18, 2023 - Notice of Pendency of Class Action
- August 11, 2022—Memorandum Opinion Granting Plaintiffs' Motion for Class Certification
- December 12, 2020 - Memorandum Opinion re: Motion to Dismiss
- December 6, 2019 - First Amended Complaint for Violations of the Federal Securities Laws