

In re Evoqua Water Technologies Corp. Securities Litigation

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 1:18-cv-10320-AJN
CLASS PERIOD: 11/01/2017 - 10/30/2018
CASE LEADERS: Jeremy P. Robinson
CASE TEAM: Jai K. Chandrasekhar, Christopher Miles, Damian Puniello

This is a federal securities class action on behalf of a class of persons and entities who purchased or otherwise acquired publicly traded common stock of Evoqua Water Technologies Corp. (“Evoqua” or the “Company”) from November 1, 2017 through October 30, 2018, inclusive, seeking to recover compensable damages caused by Defendants’ violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. The Court appointed the Louisiana Sheriffs’ Pension and Relief Fund and the City of Omaha Police and Fire Retirement System as Lead Plaintiffs and approved their selection of BLB&G as co-lead counsel in January 2019. Lead Plaintiffs filed a consolidated complaint in March 2019.

Plaintiffs Have Reached a Proposed Settlement for \$16.65 Million

Lead Plaintiffs and additional class representative City of Hallandale Beach Police Officers’ & Firefighters’ Personnel Retirement Trust (“Plaintiffs”), on behalf of themselves and the Settlement Class, have reached a proposed settlement of the Action for \$16,650,000 in cash that, if approved by the Court, will resolve the Action (the “Settlement”).

If you are a member of the Settlement Class, your rights will be affected and you may be eligible for a payment from the Settlement. The Settlement Class consists of:

All persons and entities that purchased or otherwise acquired publicly traded Evoqua common stock during the period from November 1, 2017 through October 30, 2018, inclusive, and were damaged thereby.

Certain persons and entities are excluded from the Settlement Class by definition (see paragraph 29 of the Notice) or may request exclusion pursuant to the instructions set forth in the Notice (see paragraphs 56-60 of the Notice).

Please read the [Notice](#) to fully understand your rights and options. Copies of the [Notice](#) and [Claim Form](#) can be found on in the list of “Case Documents” in the bar at right. You may also visit the Settlement website, www.EvoquaSecuritiesLitigation.com, for more information about the Settlement

If you are a member of the Settlement Class, you must submit a Claim Form online or postmarked (if mailed) no later than **December 3, 2021** to be eligible to receive a payment under the proposed Settlement.

Payments to eligible claimants will be made only if the Court approves the Settlement and a plan of allocation, and only after any appeals are resolved, and after the completion of all claims processing. Please be patient, as this process will take some time to complete.

IMPORTANT DATES AND DEADLINES

December 3, 2021	Claim Filing Deadline. Claim Forms must be <i>postmarked no later than December 3, 2021</i> to be eligible for a payment to the Settlement.
October 12, 2021	Exclusion Deadline. To exclude yourself from the Settlement Class, you must submit a written request for exclusion so that it is <i>received no later than October 12, 2021</i> , in accordance with the instructions in the Notice .
October 12, 2021	Objection Deadline. Any objections to the proposed Settlement, the proposed Plan of Allocation, or the motion for attorneys' fees and expenses, must be submitted or filed <i>no later than October 12, 2021</i> , in accordance with the instructions in the Notice .
November 1, 2021 at 11 a.m.	Settlement Hearing. The Settlement Hearing will be held November 1, 2021 at 11:00 a.m., before the Honorable John P. Cronan in person at the United States District Court for the Southern District of New York, Courtroom 12D, 500 Pearl Street, New York, NY 10007. The Settlement Hearing will be held by the Court to consider, among other things, whether the proposed Settlement is fair, reasonable and adequate and should be approved; whether the proposed Plan of Allocation is fair and reasonable and should be approved; and whether Lead Counsel's motion for attorneys' fees and expenses should be approved.

Background and History of the Litigation

Evoqua provides water-treatment services, systems, and technologies. Plaintiffs allege that in the registration statement and prospectus for Evoqua's initial public offering at the start of the Class Period and in other statements throughout the Class Period, Defendants made materially false and misleading representations and omissions regarding the Company's business and operations. Specifically, Plaintiffs allege that Defendants made false and misleading statements about Evoqua's numerous purportedly successful acquisitions and purportedly effective salesforce, while failing to disclose that (i) Evoqua failed to successfully integrate its prior acquisitions; (ii) Evoqua laid off many of its most experienced and capable sales personnel, significantly harming its ability to make sales; and (iii) Evoqua improperly recognized revenue on products that were subject to broad rights of return, had not been ordered by customers, or had not even been manufactured.

On October 30, 2018, Evoqua announced its preliminary financial results for the fourth quarter and fiscal year ended September 30, 2018, which fell below the Company's and analyst's expectations. Evoqua stated that the shortfalls were "primarily due to acquisition system integration issues, supply chain disruptions influenced by tariffs and an extended delay on a large aquatics project." On this news, which plaintiffs allege revealed the falsity of Defendants' prior statements about Evoqua's acquisitions, sales force, and revenue, Evoqua's stock price fell \$4.78

per share, or 34.64%, to close at \$9.02 on October 30, 2018, thereby causing significant losses and damages to Plaintiffs and other Class members.

Defendants filed a motion to dismiss the action in June 2019, and the motion was fully briefed in October 2019. In March 2020, the Court entered an opinion and order denying Defendants' motion to dismiss Plaintiffs' claims under the Securities Act but granting the motion to dismiss the claims under the Exchange Act, primarily for failure to adequately allege that Defendants' false statements were made knowingly or recklessly.

Discovery in the Action commenced in the spring of 2020. Over the course of discovery, Defendants and multiple third parties (including Evoqua's outside auditors) ultimately produced more than 1.6 million pages of documents to Plaintiffs, and Plaintiffs produced over 2,500 pages of documents to Defendants. Four depositions were conducted in the Action, including depositions of representatives of each of the three Plaintiffs and a deposition of Defendants' expert witness in connection with Plaintiffs' class certification motion. Plaintiffs filed and served their motion for class certification in December 2020 and the motion was fully briefed in April 2021.

Following a mediation session with Greg Danilow, Esq. of Phillips ADR in April 2021, the Parties reached an agreement to settle the Settlement Class's claims against Defendants in exchange for a cash payment of \$16,650,000, subject to approval of the Court. On May 28, 2021, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which sets forth the full terms and conditions of the proposed Settlement. On July 8, 2021, the Court preliminarily approved the Settlement, authorized sending notice of the Settlement to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement for November 1, 2021.

Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses ("Notice")
- Proof of Claim and Release Form ("Claim Form")
- July 8, 2021 - Order Preliminary Approving Settlement and Providing for Notice
- May 28, 2021 - Stipulation and Agreement of Settlement
- March 30, 2020 - Opinion and Order on Defendants' Motion to Dismiss
- March 28, 2019 - Consolidated Class Action Complaint for Violations of the Federal Securities Laws