

In re Mattel, Inc. Securities Litigation

COURT: United States District Court for the Central District of California
CASE NUMBER: 2:19-cv-10860
CLASS PERIOD: 08/02/2017 - 08/08/2019
CASE LEADERS: John Rizio-Hamilton, Jonathan D. Uslaner, Hannah Ross
CASE TEAM: Lauren M. Cruz

On January 31, 2020, Bernstein Litowitz Berger & Grossmann filed a class action lawsuit for violations of the federal securities laws in the U.S. District Court for the Central District of California against Mattel, Inc. (“Mattel” or the “Company”), certain of the Company’s former and current senior executives, and its auditor, PricewaterhouseCoopers LLP (collectively, “Defendants”), on behalf of investors in Mattel common stock between August 2, 2017 and August 8, 2019 (the “Class Period”).

Lead Plaintiffs Have Settled the Action for \$98 Million

The Court-appointed Lead Plaintiffs, DeKalb County Employees Retirement System and New Orleans Employees’ Retirement System (“Lead Plaintiffs”), on behalf of themselves and the Class, have settled the Action in its entirety for \$98,000,000 in cash (the “Settlement”).

On May 2, 2022, the Court held a hearing to consider final approval of the Settlement and related matters. On May 18, 2022, the Court entered a final Judgment approving the Settlement and an Order approving the Settlement and Plan of Allocation and awarding attorney’s fees and litigation expenses.

The Class consists of:

all persons and entities who purchased or otherwise acquired the common stock of Mattel from August 2, 2017 to August 8, 2019, inclusive (the “Class Period”), and who were damaged thereby.

The Class includes a subclass (“PwC SubClass”) consisting of all persons and entities who purchased or otherwise acquired the common stock of Mattel from February 27, 2018 to August 8, 2019, inclusive, and who were damaged thereby. Certain persons and entities are excluded from the Class and PwC Subclass by definition (see paragraph 31 of the Notice) or by request.

Please read the Notice to fully understand your rights. The Notice can be found in the **Case Documents** list on the right of this page. You may also visit the case website, [MattelSecuritiesLitigation.com](https://www.MattelSecuritiesLitigation.com), for more information about the Settlement.

Background

Mattel is one of the world’s largest toy companies. The claims alleged in this case arise from recent disclosures revealing that the Company engaged in a deliberate accounting fraud by improperly valuing \$109 million in tax expenses and then working with the Company’s auditor, PricewaterhouseCoopers LLP (“PwC”), to conceal this misstatement and avoid both restating the Company’s previously reported financial results and admitting a weakness in internal controls. As described by a whistleblower cited in a recent report by *The Wall Street Journal*, the Company’s senior accounting executives—including Mattel’s former CFO—engaged in this “coverup” because disclosing the truth and revealing a material weakness in internal controls would have been a “kiss of death.”

Ultimately, in response to a second whistleblower complaint disclosed on August 8, 2019, the Company was forced to admit to serious deficiencies in internal controls, restate its previously reported financial results, fire its CFO, and concede that “lapses in judgment by management contributed to these failures.” As a result of the disclosures of the whistleblower allegations concerning this misconduct, Mattel shares plummeted in value, causing Mattel investors to suffer significant losses and damages.

On April 21, 2020, as the Court appointed New Orleans Employees’ Retirement System and Dekalb County Employee Retirement System Lead Plaintiffs in the action, and BLB&G was appointed Lead Counsel. On May 29, 2020, Lead Plaintiffs filed their Amended Complaint. On July 28, 2020, Defendants moved to dismiss the Amended Complaint, and Lead Plaintiffs filed their opposition to Defendants’ motion to dismiss on September 25, 2020. On January 26, 2021, the Court denied Defendants’ motions to dismiss.

Following the Court’s order denying the motions to dismiss, discovery in the Action commenced. Defendants and third parties produced a total of over 675,000 pages of documents to Lead Plaintiffs, and Lead Plaintiffs produced nearly 48,000 pages of documents to Defendants in response to their requests. The depositions of representatives for Lead Plaintiffs were taken, and over 15 more depositions were noticed.

On April 30, 2021, Lead Plaintiffs and additional named Plaintiff Houston Municipal Employees Pension System served and filed their motion for class certification and supporting papers. On October 6, 2021, the Court entered an Order Granting Plaintiffs’ Motion for Class Certification. On October 20, 2021, the Mattel Defendants filed a petition, pursuant to Rule 23(f) of the Federal Rules of Civil Procedure, for leave to appeal the Court’s class certification order to the United States Court of Appeals for the Ninth Circuit. The Rule 23(f) Petition was pending when the agreement to settle was reached and subsequently voluntarily dismissed.

On June 24, 2021, the Parties participated in a full-day mediation session via Zoom with the Honorable Layn R. Phillips. The mediation did not result in an agreement to settle the Action.

On October 28, 2021, following extensive settlement negotiations that were assisted by Judge Phillips, the Parties reached an agreement in principle to settle the Action in return for a cash payment that Defendants Mattel and PwC would cause to be paid of \$98,000,000 for the benefit of the Class. The agreement was based on a mediator’s recommendation made by Judge Phillips.

On November 23, 2021, the Parties entered into the Stipulation and Agreement of Settlement, which sets forth the full terms and conditions of the Settlement. On January 18, 2022, the Court preliminarily approved the Settlement, authorized notice of the Settlement to potential Class Members and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement for May 2, 2022.

On May 2, 2022, the Court held the hearing to consider final approval of the Settlement and related matters. On May 18, 2022, the Court entered a final Judgment approving the Settlement and an Order approving the Settlement and Plan of Allocation and awarding attorney’s fees and litigation expenses.

A Class Member who had filed an objection to aspects of the Settlement, including the Plan of Allocation for distributing settlement funds among eligible claimants, filed an appeal from the order approving the Settlement on July 6, 2022. On March 31, 2023, the Court of Appeals dismissed the objector’s appeal. The claims administration was completed in October 2023. The claims administration was completed in October 2023. On October 13, 2023, Lead Plaintiffs filed a motion seeking Court approval to distribute the settlement funds to eligible claimants. On November 22, 2023, the Court approved the motion and the initial distribution of the settlement funds was

conducted on December 27, 2023. The second distribution will occur in the first half of 2025. Subsequent distributions will occur on a rolling basis, provided that net settlement funds are available.

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")
- November 22, 2023 - Order Approving Distribution Plan
- October 13, 2023 - Notice of Motion and Motion for Disbursement of Funds
- October 13, 2023 - Declaration of Luiggy Segura in Support of Notice of Motion and Motion for Disbursement of Funds
- May 18, 2022 - Judgment Approving Class Action Settlement
- May 18, 2022 - Order Granting Motion for Final Approval of Settlement and Plan of Allocation and Awarding Attorneys's Fees and Litigation Expenses
- April 25, 2022 - Reply Memorandum in Further Support of (I) Motion for Approval of Settlement and (II) Motion for Attorneys' Fees and Litigation Expenses
- April 25, 2022 - Supplemental Declaration of John Rizio-Hamilton
- March 28, 2022 - Lead Plaintiffs' Notice of Motion and Motion for Final Approval of Class Action Settlement and Plan of Allocation
- March 28, 2022 - Lead Counsel's Notice of Motion and Motion for Attorney Fees and Litigation Expenses
- March 28, 2022 - Declaration of John Rizio-Hamilton in Support of (I) Motion for Final Approval of Settlement and Plan of Allocation and (II) Motion for Attorney Fees and Expense
- January 18, 2022 - Order re Motion for Preliminary Approval of Class Action Settlement
- November 23, 2021 - Stipulation and Agreement of Settlement
- October 6, 2021 - Order Granting Plaintiffs' Motion for Class Certification
- May 29, 2020 - Amended Class Action Complaint for Violations of the Federal Securities Laws
- January 31, 2020 - Initial Complaint
- January 31, 2020 - PSLRA Notice