

Minneapolis Firefighters' Relief Association v. Medtronic, Inc. et al.

COURT: United States District Court for the District of Minnesota
CASE NUMBER: 08-CV-6324
CLASS PERIOD: 11/20/2006 - 11/17/2008
CASE LEADERS: Salvatore J. Graziano, Michael D. Blatchley, Adam H. Wierzbowski

This securities fraud class action alleges that Medtronic, Inc. (“Medtronic” or the “Company”), and certain of its current and former officers and directors, made false and misleading statements in connection with its financial reporting and the value of its flagship INFUSE Bone Graft (“INFUSE”) product, causing Medtronic’s stock to trade at artificially inflated prices. The action is brought on behalf of a Class of all persons and entities who purchased or otherwise acquired Medtronic common stock from November 20, 2006 through November 17, 2008 and who were damaged thereby (except for certain persons and entities excluded by definition).

Court Grants Final Approval of \$85 Million Settlement

On November 8, 2012, Judge Paul A. Magnuson approved a Settlement resolving all claims in the Action in exchange for payment of \$85 million in cash for the benefit of the Class, and approved the proposed Plan of Allocation for the settlement proceeds and Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of litigation expenses.

Background

On May 26, 2009, the Honorable Paul A. Magnuson appointed BLB&G client, the Teachers' Retirement System of Oklahoma, as Co-Lead Plaintiff and BLB&G as Co-Lead Counsel for the Class. On August 21, 2009, the Lead Plaintiffs filed a Consolidated Complaint in the action.

Lead Plaintiffs allege that during the Class Period, Defendants Medtronic, its Chief Executive Officer William A. Hawkins, III (“Hawkins”), former Chief Executive Officer Arthur D. Collins, Jr. (“Collins”) and Chief Financial Officer Gary Ellis (“Ellis”) violated the federal securities laws by issuing false and misleading press releases, financial statements, filings with the Securities and Exchange Commission and statements during investor conference calls.

Specifically, Lead Plaintiffs allege that the Defendants misled shareholders regarding a near decade-long campaign to illegally promote INFUSE for off-label uses, and concealed from shareholders the fact that the reported sales and future growth of this business line and its associated revenues was driven by misconduct that invited, and ultimately brought about, the scrutiny of federal regulators and an abrupt decline in sales.

The Consolidated Complaint alleges that the Defendants violated Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and that Defendants Hawkins, Collins and Ellis violated Section 20(a) of the Exchange Act.

On October 5, 2009, Defendants filed a motion to dismiss the Consolidated Complaint and Judge Magnuson heard arguments concerning that motion on January 7, 2010. On February 3, 2010, Judge Magnuson substantially denied Defendants’ motion to dismiss, except as to certain statements that the Court held were not actionable, and otherwise sustained all claims against the Company and the individual defendants. The litigation moved into

discovery, and the Court issued an order on Lead Plaintiffs' motion for class certification. Specifically, on December 12, 2011, Judge Magnuson certified the investor class and appointed BLB&G client Teachers' Retirement System of Oklahoma and its Co-Lead Plaintiffs as class representatives and, on January 18, 2012, appointed BLB&G and its Co-Lead Counsel as class counsel.

Following the parties' extensive mediation, on March 30, 2012, the Company announced that Lead Plaintiffs had reached an agreement in principle with Medtronic and the individual Defendants to settle all claims asserted in the action for \$85 million in cash. On November 8, 2012, the Court entered an order granting final approval of the settlement.

Case Documents

- Notice of Pendency of Class Action and Proposed Settlement, Settlement Fairness Hearing, and Motion for Attorneys' Fees and Reimbursement of Expenses
- August 21, 2009 - Consolidated Class Action Complaint
- December 10, 2008 - Class Action Complaint