

City of Riviera Beach General Employees' Retirement System v. Vertiv Holdings Co

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 1:22-cv-3572
CLASS PERIOD: 02/24/2021 - 02/23/2022
CASE LEADERS: Scott R. Foglietta, James A. Harrod, Avi Josefson, Hannah Ross

On May 3, 2022, Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") filed a class action lawsuit for violations of the federal securities laws in the U.S. District Court for the Southern District of New York against Vertiv Holdings Co ("Vertiv" or the "Company"), certain of the Company's senior executives, members of the Company's Board of Directors, underwriters of Vertiv's November 4, 2021 secondary public offerings ("SPO"), certain shareholders that sold shares offered in the SPO, and controlling shareholder Platinum Equity, LLC and certain of its affiliated entities (collectively, "Defendants"). The complaint expands the class period that was asserted in a previously filed related securities class action pending against Vertiv captioned *Vinings v. Vertiv Holdings Co*, No. 1:22-cv-02416 (S.D.N.Y.), and is brought on behalf of investors that incurred damages on their purchases of Vertiv Class A common stock between February 24, 2021 and February 23, 2022, inclusive (the "Class Period"), and/or investors that purchased Vertiv Class A common stock in or traceable to the SPO.

BLB&G filed this action on behalf of its client, City of Riviera Beach General Employees' Retirement System, and the case is captioned *City of Riviera Beach General Employees' Retirement System v. Vertiv Holdings Co*, No. 1:22-cv-3572 (S.D.N.Y.). The complaint is based on an extensive investigation and a careful evaluation of the merits of this case. To view the complaint, see the Case Documents section of this page.

Headquartered in Columbus, Ohio, Vertiv is a data center solutions company focused on software, hardware, and analytics serving social media, financial services, healthcare, transportation, retail, education, and government industries through a network of direct sales professionals, independent sales representatives, channel partners, and original equipment manufacturers in the Americas, the Asia Pacific, Europe, the Middle East, and Africa.

Vertiv became public through the usage of a Special Purpose Acquisition Company ("SPAC"). On or about February 7, 2020, Vertiv Holdings Co completed its business combination with GS Acquisition Holdings Corp. Goldman Sachs & Co. LLC acted as lead placement agent and exclusive financial advisor to GS Acquisition Holdings Corp.

The complaint alleges that, in the offering materials issued in connection with the SPO and throughout the Class Period, Vertiv made numerous false and misleading representations concerning the extent of its pricing visibility, which had a significant impact on company margins. Moreover, Vertiv directly tied its positive financial guidance to its pricing mechanisms. The complaint also alleges that the Company had internal control issues related to their sales practices leading to excessive discounting in order to secure sales; the Company labeled this a "cultural" issue. In addition, the complaint alleges that the Company represented reoccurring costs as onetime occurrences.

The truth began to emerge on February 23, 2022, when Vertiv released its fourth quarter and full year earnings report for 2021. Adjusted operating income was reported at 43% below the low end of management's own guidance range; a vast departure from constructive management commentary throughout the entire fourth quarter of 2021. As a result of these disclosures, the price of Vertiv stock declined by \$7.19 per share, or over 36% (from

\$19.57 per share to \$12.38 per share on February 23, 2022, alone). Despite these disclosures, however, Vertiv downplayed the significance of the miss and provided investors with false assurances about the strength of the Company's forecasted revenues and growth prospects. In accordance with our investigation, our complaint alleges an expanded class period of February 24, 2021 through February 23, 2022, and asserts additional claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, 15 U.S.C. §§ 77k, 77l(a)(2), and 77o.

On June 22, 2022, the Court appointed the Louisiana Sheriffs' Pension & Relief Fund, Orlando Police Pension Fund, City of Plantation General Employees Retirement System, Riviera Beach Municipal Firefighters' Pension Trust Fund, and City of Riviera Beach General Employees' Retirement System as Lead Plaintiffs and approved their selection of Bernstein Litowitz Berger & Grossmann LLP and Saxena White P.A. as Lead Counsel for the Class. We filed the consolidated amended complaint on September 16, 2022, and Defendants filed motions to dismiss the consolidated amended complaint on January 20, 2023. Our opposition to the motions to dismiss was filed on March 21, 2023, and Defendants' replies in support of the motions are due on May 15, 2023. On November 6, 2023, Magistrate Judge Ona Wang issued a Report and Recommendation that the motions be denied with respect to our claims against Vertiv and the Officer Defendants under the Exchange Act and granted with respect to our claims against Vertiv, the Officer and Director Defendants, and the Platinum Defendants under the Securities Act. On December 8, 2023, Vertiv and the Officer Defendants filed an Objection to the Report and Recommendation before District Judge Gregory Woods, asking him to overturn Judge Wang's recommendation that the Exchange Act claims against them be sustained. We filed our Response to the Objection on January 12, 2024, and Defendants filed their Reply in support of the Objection on January 19, 2024. District Judge Woods has returned the motion to Magistrate Judge Wong to rule separately on each alleged false statement by Vertiv and the Officer Defendants.

Case Documents

- September 16, 2022 - Amended Class Action Complaint
- May 16, 2022 - Corrected PSLRA Notice
- May 3, 2022 - PSLRA Notice
- May 3, 2022 - Initial Complaint