

In re Barrett Business Services, Inc. Securities Litigation

COURT: United States District Court, Western District of Washington
CASE NUMBER: 14-cv-05884-BHS
JUDGE: Hon. Benjamin H. Settle
CLASS PERIOD: February 12, 2013 - October 28, 2014

This action asserts claims pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against defendants seeking to recover for their fraudulent course of conduct that artificially inflated the price of Barrett Business Services, Inc. ("Barrett") common stock from February 12, 2013 through March 9, 2016 ("Class Period").

Barrett is a provider of business management solutions, combining human resource outsourcing and professional management consulting for its operational platform. The Company's integrated platform is built upon its purported expertise in payroll processing, employee benefits, workers' compensation coverage, risk management and workplace safety programs, and human resource administration. Throughout the Class Period, Barrett and its senior officers made a series of materially misleading statements and omissions about the true level of Barrett's workers' compensation claims and the Company's workers' compensation reserve.

On October 29, 2014, Barrett disclosed that it would have to take an \$80 million charge to increase its workers' compensation reserve, and made a series of other disclosures about its workers' compensation exposure. The charge was so large that it effectively wiped out years of earnings at the Company. In response to this news, Barrett's common stock dropped \$26.18 per share, nearly 59%, to close at \$18.28, on unusually heavy volume.

On February 25, 2015, the Honorable Benjamin H. Settle of the Western District of Washington appointed Painters & Allied Trades District Council No. 35 Pension and Annuity Funds as Lead Plaintiff, and Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel. The Consolidated Complaint was filed April 29, 2015, and on June 12, Defendants filed their motion to dismiss. On November 4, 2015, while the motion to dismiss was fully briefed and pending, Barrett issued a press release and Form 8-K admitting that the Company did not provide certain information to its outside auditor and that "an illegal act" may have occurred with respect to the workers' compensation reserve. Thereafter, on March 9, 2016, Barrett filed another Form 8-K admitting that the Company's financial statements for fiscal years ended December 31, 2012, 2013 and 2014, each respective quarter in those fiscal years, as well as the quarters ended March 31 and June 30, 2015, were false, misleading and must be restated. Moreover, Defendant Miller, the former CFO, admitted that he made unsupported journal entries in the Company's financial records during each quarter of 2013. In response, Lead Plaintiff filed an unopposed motion for leave to file an amended complaint to incorporate this new information. The Court granted the motion and, on March 21, 2016, Lead Plaintiff filed the Second Amended Complaint. Defendants' motion to dismiss the Second Amended Complaint was fully briefed at the time of settlement.

On October 27, 2016, the parties announced a settlement agreement of \$12 million, resolving all claims in this consolidated action. On November 7, 2016, the Court granted preliminary approval of the settlement. Among other things, the Court's Order directed that Notice of the proposed settlement be provided to potential class members. A settlement fairness hearing was held on February 22, 2017. On February 23, 2017, the Court granted final approval of the Settlement.