

In re Cognizant Technology Solutions Corporation Securities Litigation

COURT: United States District Court, District of New Jersey
CASE NUMBER: 2:16-cv-06509-WHW-CLW
CLASS PERIOD: 02/01/2015 - 09/01/2016
CASE CONTACTS: John Rizio-Hamilton, Abe Alexander, Jesse L. Jensen, Christopher Miles

This is a securities fraud class action case brought by a group of institutional investors on behalf of purchasers of Cognizant Technology Solutions Corporation (“Cognizant” or the “Company”) common stock between February 27, 2015 and September 29, 2016. The case alleges that Cognizant and certain of its executives (collectively, “Defendants”) violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by making false statements concealing the fact that the company had made illegal payments to Indian governmental officials to secure favorable permits required to build and operate so-called “SEZ facilities” in India, special facilities entitled to lucrative tax breaks and labor benefits. Cognizant has already acknowledged that it improperly paid at least \$6 million to Indian officials to obtain valuable permits, and has admitted that members of the Company’s “senior management” participated in making, or ignored, the corrupt payments. On September 30, 2016, when Cognizant publicly disclosed that it was investigating whether “payments relating to facilities in India were made improperly and in possible violation of the U.S. Foreign Corrupt Practices Act and other applicable laws,” the Company’s stock fell significantly. Notably, the same day Cognizant disclosed its bribery investigation, it also announced the surprise resignation of the Company’s President.

On February 13, 2017, Judge William H. Walls, U.S. District Court for the District of New Jersey, appointed Union Asset Management Holding AG, Amalgamated Bank, and Fire and Police Pension Association of Colorado as Lead Plaintiffs. Bernstein Litowitz Berger & Grossmann LLP is Lead Counsel for the Class. Lead Plaintiffs filed an Amended Complaint on April 7, 2017. Defendants’ motions to dismiss the Amended Complaint were fully briefed on September 5, 2017. Defendants’ motion to strike certain confidential witness allegations in the Complaint was fully briefed on October 10, 2017.

On August 8, 2018, the Court substantially denied Defendants’ motions to dismiss, sustaining Section 10(b) claims against Cognizant and Section 20(a) claims against Defendant Gordon Coburn, Cognizant’s former President.

In the fall of 2019, Defendant Cognizant sought to appeal the motion to dismiss order under 28 U.S.C. 1292(b). Cognizant’s request for an appeal was pending before the Third Circuit when, on February 15, 2019, the U.S. Department of Justice indicted Defendant Coburn and the Company’s former General Counsel, Steven Schwartz, on anti-corruption charges arising from the bribery scheme alleged in the Complaint. The Third Circuit granted Lead Plaintiffs’ request to deny Cognizant’s request for an appeal on the grounds that we would seek leave to amend the complaint to add new allegations relating to the indictment that would obviate the need for the Third Circuit to hear the case. We filed our amended complaint on April 12, 2019. Defendants moved to dismiss the amended complaint on June 10, 2019; Lead Plaintiffs filed their opposition on July 26, 2019.

After an extended video-conference hearing on June 5, 2020, Judge Salas, to whom the case has been reassigned, denied Defendants’ motions to dismiss and sustained the Section 10(b) claims against the

Company and its General Counsel and the Section 20(a) claims against the Company's General Counsel and President.