

In re Evoqua Water Technologies Corp. Securities Litigation

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 1:18-cv-10320-JPC
CLASS PERIOD: 11/01/2017 - 10/30/2018
CASE LEADERS: Jeremy P. Robinson
CASE TEAM: Damian Puniello

This is a federal securities class action on behalf of a class (the “Class”) consisting of all persons other than Defendants who purchased or otherwise acquired the securities of Evoqua Water Technologies Corp. (“Evoqua” or the “Company”) on the open market between November 6, 2017 and October 30, 2018, both dates inclusive (the “Class Period”), seeking to recover compensable damages caused by Defendants’ violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. The Court appointed the Louisiana Sheriffs’ Pension and Relief Fund and the City of Omaha Police and Fire Retirement System as Lead Plaintiffs and approved their selection of BLB&G as co-lead counsel in January 2019. Lead Plaintiffs filed a consolidated complaint in March 2019.

Evoqua provides water-treatment services, systems, and technologies. Plaintiffs allege that in the registration statement and prospectus for Evoqua’s initial public offering at the start of the Class Period and in other statements throughout the Class Period, Defendants made materially false and misleading representations and omissions regarding the Company’s business and operations. Specifically, Defendants made false and misleading statements about Evoqua’s numerous purportedly successful acquisitions and purportedly effective salesforce, while failing to disclose that (i) Evoqua failed to successfully integrate its prior acquisitions; (ii) Evoqua laid off many of its most experienced and capable sales personnel, significantly harming its ability to make sales; and (iii) Evoqua improperly recognized revenue on products that were subject to broad rights of return, had not been ordered by customers, or had not even been manufactured.

On October 30, 2018, Evoqua announced its preliminary financial results for the fourth quarter and fiscal year ended September 30, 2018, which fell below the Company’s and analyst’s expectations. Evoqua stated that the shortfalls were “primarily due to acquisition system integration issues, supply chain disruptions influenced by tariffs and an extended delay on a large aquatics project.” On this news, which revealed the falsity of Defendants’ prior statements about Evoqua’s acquisitions, sales force, and revenue, Evoqua’s stock price fell \$4.78 per share, or 34.64%, to close at \$9.02 on October 30, 2018, thereby causing significant losses and damages to Plaintiffs and other Class members.

Defendants filed a motion to dismiss the action in June 2019, and the motion was fully briefed in October 2019. In March 2020, the Court entered an opinion and order denying Defendants’ motion to dismiss Plaintiffs’ claims under the Securities Act but granting the motion to dismiss the claims under the Exchange Act, primarily for failure to adequately allege that Defendants’ false statements were made knowingly or recklessly. The parties conducted fact discovery, and Plaintiffs’ motion for class certification was fully briefed in April 2021. The parties agreed in May 2021 to settle the case for \$16.65 million, and the Court preliminarily approved the settlement in July 2021. The Court held a hearing and entered an order granting final approval of the settlement on November 1, 2021.

The claims administration process has concluded. A distribution motion was filed on November 23, 2022 and approved by the Court on December 1, 2022. The initial distribution of funds occurred in January 2023. The second distribution occurred in May 2024. Subsequent distributions will occur on a rolling basis provided that net settlement funds are available.

You may visit the case website, www.evoquasecuritieslitigation.com for more information about the Settlement.

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")
- December 1, 2022 - Order Approving Distribution Plan
- November 23, 2022 - Distribution Motion
- November 23, 2022 - Distribution Motion, Exhibits A - G
- November 1, 2021 - Judgment Approving Class Action Settlement
- November 1, 2021 - Order Approving Plan of Allocation of Net Settlement Fund
- November 1, 2021 - Order Awarding Attorneys' Fees and Litigation Expenses
- October 25, 2021 - Reply Memorandum of Law In Support of Plaintiffs' Motion for Final Approval of Settlement and Lead Counsel's Motion for Attorneys' Fees & Expenses
- October 25, 2021 - Supplemental Declaration of Eric J. Miller
- September 27, 2021 - Notice of Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation
- September 27, 2021 - Memorandum of Law in Support of Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation
- September 27, 2021 - Notice of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- September 27, 2021 - Memorandum of Law in Support of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- September 27, 2021 - Joint Declaration of Jeremy P. Robinson and William C. Fredericks in Support of (A) Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation and (B
- July 8, 2021 - Order Preliminary Approving Settlement and Providing for Notice
- May 28, 2021 - Stipulation and Agreement of Settlement
- March 30, 2020 - Opinion and Order on Defendants' Motion to Dismiss
- March 28, 2019 - Consolidated Class Action Complaint for Violations of the Federal Securities Laws