

# *In re Facebook, Inc., IPO Securities and Derivative Litigation*

**COURT:** United States District Court for the Southern District of New York  
**CASE NUMBER:** 1:12-md-02389  
**CLASS PERIOD:** 05/17/2012 - 05/21/2012  
**CASE LEADERS:** Salvatore J. Graziano, John Rizio-Hamilton, Adam H. Wierzbowski

This is a securities class action filed on behalf of purchasers of Facebook, Inc. (“Facebook” or the “Company”) common stock pursuant or traceable to its initial public offering (the “IPO”) conducted in May 2012. The case alleges claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 against Facebook, the underwriters of the IPO, and certain of Facebook’s executive officers and directors (collectively, “Defendants”).

In May 2012, Facebook conducted its IPO, and the underwriters sold to investors 421 million shares of Facebook stock at \$38 per share, for total proceeds of over \$16 billion—the largest IPO for a technology company in history.

The day after the IPO, Reuters revealed that Facebook committed a “rare and disruptive move” when it “altered its guidance for research earnings last week [before the IPO], during the road show.” According to reports, the revisions were prompted by concerns over Facebook’s weaker profits for mobile applications. As a result, the next trading day, Facebook plummeted \$4.20 per share, or 11%, to close at \$34.03 per share. Then Reuters reported the next day that analysts from three Facebook underwriters had cut their estimates for Facebook in the midst of the Company’s roadshow, but disclosed that fact only to a few select clients. In response, Facebook shares fell another \$3.03 per share, or 10%, to close at \$31 per share—or \$7 below the IPO price.

In December 2012, Judge Robert W. Sweet appointed the North Carolina Department of State Treasurer on behalf of the North Carolina Retirement Systems, Arkansas Teacher Retirement System, Fresno County Employees’ Retirement Association, and Banyan Capital Master Fund Ltd. as Lead Plaintiffs, and approved their selection of BLB&G as Co-Lead Counsel for the Class. Lead Plaintiffs filed their Consolidated Complaint in February 2013. In December 2013, the Court denied Defendants’ motion to dismiss the Complaint, and in December 2015, Judge Sweet granted Lead Plaintiffs’ motion to certify the case as a class action.

The parties completed fact discovery in August 2016 and finished expert discovery in March 2017. Defendants’ motions for summary judgment and both sides’ motions to exclude expert testimony were fully briefed and argued by August 2017, and the case was scheduled for trial to start in February 2018.

In December 2017, the parties reached an agreement in principle to settle the action for \$35 million in cash. Plaintiffs filed a motion for preliminary approval of the settlement in February 2018, and the Court granted preliminary approval of the settlement on the same day.

The Court granted final approval of the settlement in November 2018. An individual Class member who frequently files non-meritorious objections to class-action settlements has appealed the Court’s order approving the settlement and filed his brief in June 2019. Plaintiffs’ and Defendants’ briefs on appeal in support of the settlement were filed in September 2019, and the objector’s reply brief was filed in October 2019. Oral argument on the appeal was heard in September 2020, and one week later, the Second Circuit affirmed Judge Sweet’s approval of

the settlement. The objector then filed a motion to recall the mandate remanding the case to the District Court, which the Second Circuit denied, ending all proceedings concerning the objection.

The claims administration was completed in January 2021. In March 2021 Counsel moved for the approval of distribution of the settlement proceeds to Class members who filed valid claims. On June 1, 2021, the Court entered the Order Approving the Distribution Plan. The initial distribution of the settlement proceeds occurred in October 2021, and a second distribution occurred in January 2024. A third distribution will occur in the in the first half of 2025. Subsequent distributions will occur on a rolling basis, provided that net settlement funds are available.

You may visit the case website, [www.facebooksecuritieslitigation.com](http://www.facebooksecuritieslitigation.com) for more information about the Settlement.

## Case Documents

- Notice of (I) Proposed Settlement and Plan of Allocation; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Litigation Expenses
- June 1, 2021 - Order Approving Distribution Plan
- June 1, 2021 - Decision and Order Disposing of Objections and Approving Plan of Distribution
- May 21, 2021 - Reply Brief in Further Support of Motion for Approval of Distribution Plan
- March 22, 2021 - Order Directing Notice To Disputing Claimants
- March 18, 2021 - Notice for Lead Plaintiff's' Motion for Approval of Distribution Plan
- March 18, 2021 - Memorandum in Support of Lead Plaintiff's' Motion for Approval of Distribution Plan
- March 18, 2021 - Declaration of Adam D. Walter in Support of Lead Plaintiff's' Motion for Approval of Distribution Plan
- March 18, 2021 - Exhibit A
- March 18, 2021 - Exhibit B
- March 18, 2021 - Exhibit C
- March 18, 2021 - Exhibit D
- March 18, 2021 - Exhibit E
- March 18, 2021 - Exhibit F
- March 18, 2021 - Exhibit G
- March 18, 2021 - Exhibit H
- March 18, 2021 - (Proposed) Order Approving the Distribution Plan
- March 18, 2021 - Letter to Court Regarding the Distribution Plan
- September 23, 2020 – Summary Order of the U.S. Court of Appeals for the Second Circuit Affirming Approval of Settlement
- November 27, 2018 - Order Awarding Attorneys' Fees and Expenses

- November 26, 2018 - Opinion Approving Motions for Approval of Settlement and Plan of Allocation and Lead Counsel's Motion for Fees and Expenses
- November 26, 2018 - Judgment Approving Class Action
- November 26, 2018 - Order Approving Plan of Allocation of Net Settlement Fund
- August 29, 2018 - Supplemental Declaration of Adam D. Walter Regarding Mailing of the Settlement Notice and Claim Form
- August 1, 2018 - Notice of Lead Plaintiffs' Motion for Final Approval of Settlement and Approval of Plan of Allocation
- August 1, 2018 -Memorandum of Law in Support of Lead Plaintiffs' Motion for Final Approval of Settlement and Approval of Plan of Allocation
- August 1, 2018 - Notice of Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Litigation Expenses
- August 1, 2018 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Litigation Expenses
- August 1, 2018 - Joint Declaration of John Rizio-Hamilton and James W. Johnson in Support of (I) Lead Plaintiffs' Motion for Final Approval of Settlement and Approval of Plan of Allocation, and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Payment of Litigation Expenses
- February 26, 2018 - Order Preliminarily Approving Settlement and Providing for Notice
- February 26, 2018 - Stipulation and Agreement of Settlement
- August 4, 2016 - Notice of Pendency of Class Action
- June 8, 2016 - Order Approving Class Notice
- December 11, 2015 - Opinion Granting Certification of Class
- December 12, 2013 - Opinion and Order denying Defendants' Motion to Dismiss
- February 28, 2013 - Consolidated Class Action Complaint