

## *In re Facebook, Inc. Securities Litigation*

**COURT:** United States District Court for the Northern District of California  
**CASE NUMBER:** 5:18-cv-01725-EJD  
**CLASS PERIOD:** 02/03/2017 - 07/25/2018  
**CASE LEADERS:** Jeremy P. Robinson  
**CASE TEAM:** Damian Puniello

This is a securities class action brought on behalf of investors in Facebook, Inc. (“Facebook” or the “Company”), which is pending in the Northern District of California before the Honorable Edward J. Davila. The action seeks to recover damages against Facebook and certain officers and/or directors (the “Facebook Defendants”) for violations of the Securities Exchange Act of 1934.

The case arises from Defendants’ allegedly materially false and misleading statements and/or omissions concerning (i) Facebook’s promise that users purportedly had complete control over their data posted on the social media platform, and (ii) the purportedly hypothetical risk that a third party might improperly access and misuse user data. Contrary to these statements—but unbeknownst to investors—Defendants knew that users did not have control over their data, including because third parties could improperly access and misuse it, and Facebook itself was even overriding user privacy settings to allow whitelisted companies access to user data. Further, far from being a hypothetical risk, Defendants knew that the Company had just recently experienced an instance of improper access and misuse of user data on a massive scale with the Cambridge Analytica scandal.

Beginning on March 17, 2018, a series of corrective disclosures revealed that users did not control their data and that Cambridge Analytica had improperly accessed and misused the personal data of tens of millions of Facebook users for political purposes. Revelations of Facebook’s misconduct sparked numerous government investigations. They also caused the price of Facebook’s stock to decline dramatically in March 2018, erasing approximately \$100 billion in shareholder value.

Then, on July 25, 2018, Facebook revealed additional information showing that their misstatements had directly impacted the Company’s financial results, including a slowdown in growth, declining numbers of daily and monthly active users, and increasing expenses. Facebook’s July 25, 2018 disclosures wiped out approximately \$100 billion in shareholder value in a day—then the largest single-day drop in market capitalization in history. Media and analysts tied the July 25 disclosures directly to the Cambridge Analytica scandal.

On August 3, 2018, the Public Employees’ Retirement System of Mississippi, was appointed Co-Lead Plaintiff in the Facebook Securities Litigation and BLB&G LLP was appointed Co-Lead Counsel.

On September 25, 2019, Judge Davila granted Defendants’ motion to dismiss with leave to amend. Plaintiffs filed their second amended complaint on November 15, 2019. On August 7, 2020, Judge Davila again dismissed with leave to amend, and he did so a third time on December 20, 2021—this time with prejudice.

Plaintiffs appealed to the Ninth Circuit Court of Appeals. On October 18, 2023, after briefing and oral argument, the Ninth Circuit reversed in part the District Court’s dismissal, concluding that Plaintiffs adequately pleaded (i) falsity as to the risk disclosures, and (ii) loss causation as to the statements about user control.

After the Ninth Circuit denied Defendants' petition for panel rehearing and rehearing en banc, Defendants filed a petition for a writ of certiorari with the Supreme Court of the United States. On June 10, 2024, the Supreme Court granted Defendants' petition in part, agreeing to consider on appeal the risk disclosures (but not the control statements). Defendants filed their brief on August 9, 2024 and Plaintiffs filed their brief on September 24, 2024. Several amicus curiae also submitted briefs in support of the parties' respective positions. Oral argument before the Supreme Court occurred on November 6, 2024.

On November 22, 2024, the Supreme Court dismissed Defendants' writ of certiorari as improvidently granted. Thus, the Ninth Circuit ruling in investors' favor stands. The case will now be remanded to the Northern District of California for further proceedings.

## Case Documents

- October 16, 2020 - Third Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws
- November 15, 2019 - Second Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws