

In re Henry Schein, Inc. Securities Litigation

COURT: United States District Court for the Eastern District of New York
CASE NUMBER: 1:18-cv-01428
CLASS PERIOD: 03/07/2013 - 02/12/2018
CASE LEADERS: James A. Harrod
CASE TEAM: Michael Mathai

This is a securities fraud class action filed on behalf of a class of all persons and entities who purchased or otherwise acquired common stock of Henry Schein, Inc. (“Henry Schein” or the “Company”) from March 7, 2013 through February 12, 2018, inclusive (the “Class Period”).

Henry Schein, based in Melville, New York, is one of the largest distributors of dental supplies and equipment in the United States.

In this action, Lead Plaintiff alleges that Defendants made false and misleading statements and material omissions about Schein’s North American Dental business, including the operation of that business in a competitive environment and the sources of the dental business’s financial success. Lead Plaintiff alleges that these misstatements inflated the price of Schein’s common stock during the Class Period and that the price declined when several private collusion lawsuits and a Federal Trade Commission action revealed to investors that Defendants had allegedly sought to reduce competition by entering into agreements to refuse to provide discounts to or compete for the business of groups of independent dentists, rather than compete based on price. Lead Plaintiff also alleged that, as a result of these lawsuits, Schein ceased to engage in the allegedly collusive behavior and that the cessation adversely affected the Company’s publicly reported financial results. Defendants have denied those allegations.

Lead Plaintiff Has Settled The Action for \$35 Million

The Court-appointed Lead Plaintiff Miami General Employees’ & Sanitation Employees’ Retirement Trust (“Lead Plaintiff”), on behalf of itself and the Class, has settled the action the Action for \$35,000,000 in cash, resolving all claims in the Action (the “Settlement”).

On September 16, 2020, the Court held a hearing on approval of the Settlement and related matters and announced that it would approve the Settlement. Following the hearing, the Court entered an Order approving the Settlement, the proposed Plan of Allocation, and the attorneys’ fees and litigation expenses, and a final Judgment.

Background

On February 12, 2018, the Federal Trade Commission (“FTC”) announced that it filed a complaint against Henry Schein and two of the nation’s other largest distributors of dental products alleging violations of the U.S. antitrust laws. The FTC’s complaint detailed communications between executives of Henry Schein and its conspirators evidencing the agreement, as well as attempts to monitor and ensure compliance with the agreement. The disclosure of the FTC complaint caused the price of Henry Schein stock to decline from approximately 7%, to \$67.39 per share.

On June 22, 2018, Magistrate Judge Vera M. Scanlon appointed City of Miami General Employees' & Sanitation Employees' Retirement Trust to as Lead Plaintiff and Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel, and on September 14, 2018 Lead Plaintiffs filed their Consolidated Class Action Complaint for Violations of the Federal Securities Laws.

Defendants served their Motion to Dismiss on December 10, 2018, and Lead Plaintiff served its Opposition on January 23, 2019. Defendants' Motion to Dismiss briefing completed on February 22, 2019. On September 27, 2019, the Court denied, in part, Defendants' Motion to Dismiss.

On April 30, 2020, the parties reached an agreement to settle the Action for \$35 million that was subject to Court approval. A hearing was scheduled for September 16, 2020 to consider final approval of the Settlement and related matters.

At the September 16, 2020 hearing, the Court approved the Settlement. Following the hearing, the Court entered an Order approving the Settlement and the proposed Plan of Allocation and awarding attorneys' fees and litigation expenses, and a final Judgment.

The claims administration was completed in June 2021. On June 24, 2021, the Motion for Approval of Distribution Plan was filed. On July 2, 2021, the Court entered the Order Approving the Distribution Plan. The first distribution of the net settlement fund occurred on October 7, 2021. The second distribution occurred in August 2023. The net settlement fund has been fully disbursed. This matter is considered closed.

Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses (Notice)
- July 2, 2021 - Order Approving the Distribution Plan
- June 24, 2021 - Unopposed Motion for Approval of Distribution Plan
- June 24, 2021 - Memorandum in Support of Unopposed Motion for Approval of Distribution Plan
- June 24, 2021 - Declaration of Eric J. Miller in Support of Memorandum in Support of Unopposed Motion for Approval of Distribution Plan
- June 24, 2021 - Exhibit A
- June 24, 2021 - Exhibit B
- June 24, 2021 - Exhibit C
- June 24, 2021 - Exhibit D
- June 24, 2021 - Exhibit E
- June 24, 2021 - Exhibit F
- June 24, 2021 - Exhibit G
- June 24, 2021 - [Proposed] Order Approving Distribution Plan

- September 16, 2020 - Order Approving Class-Action Settlement
- September 16, 2020 - Judgment
- September 15, 2020 - Order Providing That Settlement Hearing Scheduled for September 16, 2020 Be Conducted by Videoconference
- September 9, 2020 - Reply Memorandum of Law in Further Support of (I) Lead Plaintiff's Motion for Final Approval of Settlement and Plan of Allocation and (II) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- September 9, 2020 - Supplemental Declaration of Eric J. Miller Regarding: (A) Mailing of the Notice and Claim Form and (B) Report on Requests for Exclusion Received
- August 12, 2020 - Notice of Lead Plaintiff's Motion for Final Approval of Settlement and Plan of Allocation
- August 12, 2020 - Lead Plaintiff's Memorandum of Law in Support of Motion for Final Approval of Settlement and Plan of Allocation
- August 12, 2020 - Defendants' Memorandum of Law in Support of Motion for Final Approval of Settlement and Plan of Allocation
- August 12, 2020 - Notice of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- August 12, 2020 - Memorandum of Law in Support of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- August 12, 2020 - Declaration of James A. Harrod in Support of (I) Lead Plaintiff's Motion for Final Approval of Settlement and Plan of Allocation and (II) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses, with exhibits
- May 5, 2020 - Order Preliminary Approving Proposed Settlement
- May 1, 2020 - Defendants' Memorandum of Law in Support of Motion for Preliminary Approval of Class-Action Settlement
- April 30, 2020 - Memorandum of Law in Support of Lead Plaintiff's Unopposed Motion for Preliminary Approval of Settlement and Authorization to Disseminate Notice of Settlement
- April 30, 2020 - Stipulation of Settlement (Settlement Agreement) with Exhibits B&C
- September 27, 2019 - Memorandum & Order on Defendants' Motion to Dismiss
- September 14, 2018 - Consolidated Class Action Complaint for Violations of the Federal Securities Laws