

Arkansas Teacher Retirement System, et al. v. Insulet Corp., et al.

COURT: United States District Court for the District of Massachusetts
CLASS PERIOD: 05/07/2013 - 04/30/2015
CASE LEADERS: James A. Harrod, Rebecca E. Boon

This is a securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired Insulet Corporation's ("Insulet" or the "Company") publicly traded common stock from May 7, 2013 to April 30, 2015, inclusive (the "Settlement Class Period"). Lead Plaintiffs allege that Insulet and certain of its senior officers (collectively, "Defendants") defrauded investors by misrepresenting the success of a new version of the Company's core product—the OmniPod Eros, a wearable insulin infusion pump that represented 81% of Insulet's revenue.

Lead Plaintiffs Have Settled the Action for \$19.5 Million

The Court-appointed Lead Plaintiffs, Arkansas Teacher Retirement System, the City of Bristol Pension Fund, and the City of Omaha Police & Fire Retirement System, have reached a settlement of this action for \$19,500,000 in cash that resolves all claims in the action.

The Settlement Class consists of:

all persons who purchased Insulet common stock during the period commencing on May 7, 2013 through April 30, 2015, inclusive, except for certain persons and entities who are excluded from the Settlement Class by definition (see, Question 3 on page 6 of the Notice).

Please read the Notice to fully understand your rights and options. A copy of the Notice can be found on the **Case Documents** page.

The Court held a hearing on August 2, 2018 to consider whether the Settlement should be approved and related matters. On August 6, 2018, the Court entered an order approving the Settlement and Plan of Allocation.

On June 25, 2021, the Court entered a Final Judgment Approving Class Action Settlement and Order of Dismissal with Prejudice; a Memorandum and Order awarding attorneys' fees and expenses; and an Order Approving Distribution Plan.

Background

In this Action, Lead Plaintiffs allege that Defendants made materially false and misleading statements to investors touting the quality of the OmniPod Eros, the successful launch of the product, customers' broad acceptance of the product, and the high rate of new patient starts during the Settlement Class Period. Lead Plaintiffs allege that, in reality, the OmniPod Eros was plagued by defects that not only affected customer acceptance and demand, but also the Company's revenue and that—rather than disclosing the truth, nature, and extent of these defects—Defendants continued to authorize shipment of the product over the objections of the Company's quality assurance department and continued to misrepresent the number of new patients beginning to use the product.

Lead Plaintiffs further allege that truth was revealed through a series of corrective disclosures starting in early 2015. On January 7, 2015, Insulet disclosed that its fourth quarter 2014 revenue would be \$5 to \$8 million less than its

prior guidance due to reduced demand for the OmniPod Eros. The same day, the Company announced that its new CEO was replacing six senior executives. A week later, the CEO warned that analysts' estimates of the Company's performance for 2015 were too high, and he simultaneously disclosed that the launch of the Eros product had been much less successful than the Company had claimed. Finally, in February 2015, Insulet announced its fourth quarter 2014 earnings, which revealed that sales of the product in the United States were worse than originally thought. The price of Insulet shares fell significantly in response to each of these disclosures.

Plaintiffs filed the initial Complaint in this action in June 2015 and an Amended Complaint in June 2016. In March 2016, the Court appointed the Arkansas Teacher Retirement System, the City of Bristol Pension fund, and the City of Omaha Police and Retirement Fund as Lead Plaintiffs and appointed BLB&G as co-Lead Counsel. Defendants moved to dismiss the securities claims in August 2016; after a hearing in March 2017, the Court denied Defendants' motion to dismiss.

Discovery in the Action commenced in April 2017. Defendants and over two dozen third parties produced a total of more than 130,000 pages of documents (exclusive of voluminous files of computerized data) in response to Lead Plaintiffs' requests for production of documents and third-party subpoenas.

On July 20, 2017 counsel for Lead Plaintiffs and for Defendants participated in a lengthy, in-person mediation session before David Geronemus, Esq. of JAMS, a highly experienced mediator of complex actions, but no agreement was reached. Only after months of additional negotiations, on November 27, 2017, the Parties (with the assistance of the Mr. Geronemus) were able to reach an agreement in principle to settle the Action

On February 8, 2018, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which sets forth the final and complete terms and conditions of the Settlement. If approved by the Court, the Settlement will settle and release all claims asserted in the Action in return for a \$19.5 million cash payment.

On August 2, 2018, the Court held a hearing to consider whether the Settlement should be approved and related matters. On August 6, 2018, the Court entered an order approving the Settlement and Plan of Allocation. On June 25, 2021, the Court entered a Final Judgment Approving Class Action Settlement and Order of Dismissal with Prejudice and a Memorandum and Order awarding attorneys' fees and expenses.

The claims administration was completed in March 2019. On April 22, 2019, the Motion for Approval of Distribution Plan was filed. On June 25, 2021, the Court entered the Order Approving the Distribution Plan. The first distribution of the net settlement fund occurred in September 2021. The second distribution occurred in February 2024.

The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is considered closed.

Case Documents

- Settlement Notice
- June 25, 2021 Final Judgment Approving Class Action Settlement and Order of Dismissal with Prejudice
- June 25, 2021 Order Approving Distribution Plan
- April 22, 2019 - Motion for Approval of Distribution Plan
- April 22, 2019 - Memorandum In Support of Approval of Distribution Plan

- April 22, 2019 – Declaration of Michelle Kopperud with Exhibits
- August 6, 2018 - Order Approving the Class Action Settlement and Plan of Allocation
- July 19, 2018 – Reply Memorandum of Law in Further Support of (A) Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation and (B) Lead Counsel’s Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses
- July 19, 2018 – Supplemental Declaration of Michelle Kopperud Regarding (A) Mailing of Notice and Claim Form and (B) Report on Requests for Exclusion Received
- July 19, 2018 – Joint Report
- June 1, 2018 – Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation
- June 1, 2018 – Memorandum of Law in Support of Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation
- June 1, 2018 – Lead Counsel’s Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses
- June 1, 2018 – Memorandum of Law in Support of Lead Counsel’s Motion for an Award of Attorneys’ Fees and Expenses
- June 1, 2018 – Joint Declaration of James A. Harrod and William C. Fredericks in Support of (I) Lead Plaintiffs’ Motion for Final Approval of Class Action Settlement and Plan of Allocation; and (II) Lead Counsel’s Motion For An Award Of Attorneys’ Fees and Expenses
- April 6, 2018 - Order Preliminarily Approving Settlement and Providing for Notice
- February 9, 2018 – Memorandum of Law in Support of Lead Plaintiffs’ Motion for (I) Preliminary Approval of Settlement, (II) Preliminary Certification of the Settlement Class for Purposes of Settlement, and (III) Approval of Notice to the Settlement Class
- February 9, 2018 – Stipulation and Agreement of Settlement
- June 1, 2016 - Consolidated Complaint for Violations of the Federal Securities Laws