

In re Maxim Integrated Products, Inc. Securities Litigation

COURT: United States District Court, Northern District of California
CASE NUMBER: 08-cv-0832
CLASS PERIOD: 04/29/2003 - 01/17/2008

Securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired the securities of Maxim Integrated Products, Inc. (“Maxim” or the “Company”) between April 29, 2003 and January 17, 2008 (the “Class Period”).

Maxim designs and markets a broad array of high-tech semiconductor devices and circuitry. The case alleges that Maxim and its top executive officers violated the federal securities laws by failing to account properly for stock option grants to Maxim employees, thereby falsely inflating the Company’s reported financial performance during the Class Period. Specifically, in order to provide Maxim’s employees and outside directors with valuable “in-the-money” options without recording a compensation expense, Defendants routinely backdated stock options to dates corresponding to historical lows in Maxim’s stock price, and falsified records to make it appear as though the options were granted “at-the-money.” By engaging in this scheme, Defendants were able to conceal that Maxim was not recording material compensation expenses, thus materially overstating the Company’s net income and earnings in violation of Generally Accepted Accounting Principles (“GAAP”). As a result of the unlawful backdating practices, Maxim was forced to restate its financial statements from fiscal year 1997 through its fiscal third quarter ended March 25, 2006. In total, Maxim recorded an additional \$773.5 million in stock-based compensation expense.

On May 15, 2008, the United States District Court for the Northern District of California appointed BLB&G client Mississippi Public Employees’ Pension Plan along with the Cobb County Government Employees Pension Plan and the DeKalb County Pension Plan as Lead Plaintiffs and BLB&G as Co-Lead Counsel for the Class. On November 14, 2008, Lead Plaintiffs filed a Consolidated Class Action Complaint (“Complaint”).

On January 30, 2009, Maxim filed its Motion to Dismiss the Complaint (“MTD”) and Jasper and Ruehle joined in the motion. Defendant Timothy Ruehle also filed a separate motion to dismiss. On March 16, 2009, Lead Plaintiffs opposed the MTD and Jasper and Ruehle’s joinder thereto (“MTD Opposition”). Maxim filed its Reply in support of the MTD on April 15, 2009. Ruehle also filed a reply on April 15, 2009.

On January 21, 2009, Maxim filed a Statement of Death of Defendant John F. Gifford (“Gifford”). On April 28, 2009, the Court entered an order instructing that Mr. Gifford’s estate be substituted as a party Defendant in place of Gifford and that the Estate file its joinder to the MTD no later than April 29, 2009. On April 27, 2009, Defendant Estate of Gifford filed its joinder to the MTD.

On July 16, 2009, the Court sustained Lead Plaintiffs’ claims under section 10(b) and 20(a) against Maxim, Gifford, Jasper and Ruehle. On May 5, 2010, Maxim announced that it had entered into a memorandum of understanding with Lead Plaintiffs which reflects an agreement in principle to settle all backdating claims for a cash payment of \$173 million. The deal represents the largest backdating settlement reached in the Ninth Circuit, and the third-largest backdating settlement overall.

The Court granted preliminary approval of the settlement on July 13, 2010. The Court granted final approval of the settlement and plan of allocation on September 29, 2010. The claims deadline expired on November 24, 2010.