

Mark Roberti v. OSI Systems Inc., et al.

COURT: United States District Court, Central District of California
CASE NUMBER: 2:13-cv-09174-MWF-VBK
JUDGE: Hon. Michael W. Fitzgerald
CLASS PERIOD: 01/24/2012 - 12/06/2013
CASE CONTACTS: Richard D. Gluck

Securities fraud class action on behalf of all persons other than defendants who purchased or otherwise acquired the securities of OSI Systems, Inc. (“OSI”) between January 24, 2012 and December 6, 2013 (the “Class Period”). Plaintiffs assert claims under sections 10(b), 20(a) and 20(A) of the Securities Exchange Act of 1934 (the “Exchange Act”) against OSI and certain of its executive officers.

OSI designs and manufactures security-screening, threat-detection, and non-intrusive-inspection products that can be deployed for various uses, including carry-on-baggage screening, checked-baggage screening, cargo and vehicle inspection, and radiation detection. Among other customers, OSI provides its products and services to the United States Transportation Security Administration, which uses scanners to administer mandatory passenger screenings at U.S. airports.

Throughout the Class Period, Defendants repeatedly made false and misleading statements or omitted material information about OSI’s security-related business. Defendants’ misstatements and omissions were calculated to conceal from investors that OSI suffered from pervasive internal deficiencies in (i) contract compliance and administration; (ii) quality assurance; (iii) management and personnel; and (iv) corporate compliance and organization. As a result of these deficiencies, there was a significant undisclosed risk that OSI’s security-related business, which generated nearly 50% of OSI’s annual revenue, would not only be unable to satisfy various existing contractual obligations, but also that the Company would be debarred from government contracting altogether. When the truth was revealed, OSI stock declined significantly, damaging investors.

On March 17, 2014, the Honorable Michael W. Fitzgerald appointed the Arkansas State Highway Employees Retirement System as Lead Plaintiff and approved its selection of BLB&G as Lead Counsel. On February 27, 2015, the Court issued an order denying Defendants’ motion to dismiss the amended complaint. The order concluded, *inter alia*, that (i) Lead Plaintiff’s allegations regarding the falsity of Defendants’ Class Period statements were “sufficiently particular” and Lead Plaintiff had “clearly served the PSLRA’s purpose by putting Defendants on notice of the specific misstatements and omissions at issue”; and (2) when viewed holistically, Lead Plaintiff’s allegations adequately alleged a “strong inference of scienter.”

Following a hearing on December 7, 2015, the Court granted final approval of a settlement of all claims for \$15 million in cash. The deadline for submission of claims is January 15, 2016.