

In re Rayonier Inc. Securities Litigation

COURT: United States District Court for the Middle District of Florida
CASE NUMBER: 3:14-cv-1395
CLASS PERIOD: 10/26/2010 - 11/7/2014 (inclusive)
CASE LEADERS: Avi Josefson, Jonathan D. Uslaner

This is a securities fraud class action brought on behalf of persons and entities who purchased or otherwise acquired the common stock of Rayonier Inc. ("Rayonier") during the period from October 26, 2010 through November 7, 2014, inclusive (the "Class Period").

Lead Plaintiffs Reach a Settlement for \$73 Million

Lead Plaintiffs have reached a settlement of this action for \$73,000,000 in cash that resolves all claims in the action.

On September 19, 2017, the Court held a hearing to consider final approval of the Settlement and related matters. On October 5, 2017, the Court entered a Final Judgment approving the Settlement as fair, reasonable and adequate, and entered an order approving the Plan of Allocation for the proceeds of the Settlement.

The Settlement Class consists of:

all persons or entities who purchased or otherwise acquired Rayonier common stock during the period from October 26, 2010 through November 7, 2014, inclusive, and were damaged thereby, except for certain persons and entities who are excluded from the Settlement Class by definition (see paragraph 18 of the Notice).

On April 29, 2019, BLB&G filed a Status Report on the Distribution of Funds to the Class with the Court. BLBG filed supplemental status reports on October 31, 2019, November 4, 2020 and November 4, 2021.

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

Background

On November 13, 2014, BLB&G filed a securities class action lawsuit on behalf of Lake Worth Firefighters' Pension Trust Fund ("Lake Worth") against Rayonier Inc. ("Rayonier" or the "Company") and certain of its senior executives. On February 25, 2015, the Court appointed Lake Worth and the Pension Trust Fund for Operating Engineers Lead Plaintiffs. On September 25, 2015, Lead Plaintiffs filed an amended consolidated class action complaint asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of purchases of Rayonier common stock during the period from October 26, 2010 through November 7, 2014, inclusive. A copy of the complaint is available on the **Case Documents** panel. On October 26, 2015, Defendants filed motions to dismiss the complaint, which Lead Plaintiffs opposed. On May 20, 2016, the court denied the motions to dismiss. Plaintiffs filed their motion for class certification on December 15, 2016.

Rayonier is a leading international forest products company primarily engaged in activities associated with timberland management and the sale and entitlement of real estate. Currently, the Company claims to be the eighth largest private timberland owner in the U.S., with approximately 2.6 million acres of owned or leased timberland and real estate in the U.S. and New Zealand. Because Rayonier's primary business involves harvesting natural resources from forests, the Company placed an emphasis on Rayonier being able to manage the land in a

sustainable manner. Indeed, the Company voluntarily subscribed to the Sustainable Forestry Initiative program, which purportedly included independent third-party audits of Rayonier's practices, and Rayonier marketed itself as an environmentally friendly company.

Throughout the Class Period, Rayonier reported its financial results—including cost of sales, net income, operating income, and inventories of timber—certified that its financial statements were correct and that the Company's internal controls were effective. Rayonier also represented throughout the Class Period that the Company engaged in sustainable timber harvesting practices.

Lead Plaintiffs allege these statements were false. On November 10, 2014, before the start of trading, Rayonier reported earnings for its third quarter of 2014. In connection with that earnings report, the Company announced that it was forced to restate its financial results for the quarterly periods ending March 31, 2014 and June 30, 2014 because Rayonier was including in its calculation of merchantable timber inventory, timber in protected areas which could not be sold. As a result, the Company concluded that it understated its cost of sales and overstated its net income, operating income, timber inventories, and numerous other critical financial metrics. Significantly, the Company also disclosed that its internal controls were ineffective. Rayonier further announced that it would cut its quarterly dividend from \$0.30 per share to \$0.25 per share, a decrease of almost 17%, because the Company had been harvesting timber in the U.S. Pacific Northwest in an unsustainable manner for over a decade.

As a result of Rayonier's improper inventory calculation, restatement, dividend cut, and unsustainable harvesting practices, the Company also announced on November 10, 2014 that it accepted the resignation of N. Lynn Wilson, Rayonier's Executive Vice President, Forest Resources, effective November 7, 2014. On this news, the price of the Company's stock declined from \$33.90 per share to \$28.82 per share on November 10, a decline of almost 15%.

Case Documents

- Notice of (I) Pendency of Class Action, Certification of Settlement Class and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- December 21, 2021 - Order Approving Cy Motion
- December 17, 2021 - Rayonier Cy Pres Motion
- November 4, 2021 - Final Status Report
- May 3, 2021 Lead Counsel's Supplemental Status Report Regarding Distribution of Net Settlement Fund
- November 4, 2020 - Lead Counsel's Supplemental Status Report Regarding Distribution of Net Settlement
- October 31, 2019 - Lead Counsel's Status Report re Distribution of Net Settlement Fund
- October 31, 2019 - Declaration of Alexander Villanova Regarding Distribution of Net Settlement Fund
- April 29, 2019 - Lead Counsel's Status Report Regarding Distribution of Net Settlement Fund
- April 29, 2019 - Declaration of Alexander Villanova Regarding Distribution of Net Settlement Fund
- November 26, 2018 - Order Approving Distribution Plan
- October 5, 2017 - Final Judgment Approving Class Action Settlement

- October 5, 2017 – Order Approving Plan of Allocation
- June 1, 2017 - Order Preliminarily Approving Settlement and Providing for Notice
- April 12, 2017 - Stipulation and Agreement of Settlement
- May 20, 2016 - Order
- September 25, 2015 - Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws
- February 25, 2015 - Order Granting Lead Plaintiff and Lead Counsel Appointment
- November 13, 2014 - Class Action Complaint