

In re STEC, Inc. Securities Litigation

COURT: United States District Court for the Central District of California
CASE NUMBER: SACV 09-01304-JVS (MLGx)
CLASS PERIOD: 06/16/2009 - 02/23/2010

Settlement:

On September 11, 2012, a settlement agreement was reached to resolve the federal securities class action and the related state court securities class action, *West Virginia Laborers' Trust Fund v. STEC Inc.*, 2011-00489022-CU-SL-CXC (filed July 1, 2011) (Hon. Gail A. Andler), for a total of \$35,750,000.00 in cash. The settlement released claims under the Exchange Act of 1934 ("Exchange Act") and the Securities Act of 1933 ("Securities Act"). West Virginia Laborers as putative Lead Plaintiff and BLB&G as putative Lead Counsel in the state court action helped secure a 25% premium for Securities Act claimants in the recovery.

Description of the Case:

Securities fraud class action filed on behalf of a class of persons and entities who purchased or otherwise acquired the common stock of STEC, Inc. ("STEC" or the "Company") between June 16, 2009 and February 23, 2010 (the "Class Period"), and were damaged thereby.

By Orders dated January 21, 2010, and March 26, 2010, the federal court consolidated actions relating to Defendants' alleged materially false and misleading statements and omissions regarding the sales, demand and competition for STEC's products. By Order dated February 8, 2010, the federal court appointed Keith A. Ovitt and Arman Rashtchi as the Lead Plaintiffs over the consolidated action and BLB&G as co-Lead Counsel for the Class. On April 9, 2010, Lead Plaintiffs Ovitt and Rashtchi filed a consolidated class action complaint in the federal court based upon information obtained through BLB&G's extensive investigation and analysis.

On July 14, 2010, the federal court entered an order appointing a new lead plaintiff and approving a successor lead counsel. On August 13, 2010, successor lead counsel filed a consolidated amended complaint in federal court. By Order dated June 17, 2011, the federal court sustained the Exchange Act claims and dismissed without prejudice the Securities Act claims for lack of standing to pursue the claims as alleged in successor lead counsel's complaint. On July 1, 2011, BLB&G filed a detailed complaint in state court asserting Securities Act claims on behalf of West Virginia Laborers and a putative class of all persons or entities who purchased or otherwise acquired common stock of STEC, Inc., in or traceable to the Company's Secondary Offering on or about August 11, 2009, and who were damaged thereby.

STEC designs, develops, manufactures and markets enterprise-class flash solid-state drives ("SSDs") used in computer storage systems and servers. The action alleges that defendants made materially false statements and omissions regarding the sales, demand and competition for STEC's products. Defendants' misrepresentations and omissions artificially inflated the price of STEC's stock and enabled defendants Manouch and Mark Moshayed, STEC's Chief Executive Officer and Chief Operating Officer, respectively, to sell a combined total of 9 million shares of STEC stock for personal proceeds in excess of \$267 million. When the truth about STEC's sales, demand and competition began to be revealed to investors and analysts through a series of corrective disclosures beginning on September 17, 2009, the price of STEC's stock plummeted, causing substantial damage to the Class.

Case Documents

- April 13, 2010 - Notice Announcing Filing of Consolidated Class Action Complaint
- April 9, 2010 - Consolidated Class Action Complaint