In re Toyota Motor Corporation Securities Litigation

COURT: United States District Court for the Central District of California
CASE NUMBER: Master File No. CV 10-922(DSF)(AJWx)
CLASS PERIOD: 05/10/2005 - 02/02/2010
CASE LEADERS: Gerald H. Silk

Lead Plaintiff Settled the Action for $25.5 million

In November 2012, the parties in *In re Toyota Corporation Securities Litigation* reached an agreement to settle the action for a total of $25.5 million in cash on behalf of a class of persons and entities who purchased or acquired Toyota American Depositary Shares from May 10, 2005 through February 2, 2010.

The Court approved the Settlement in March 2013. The settlement funds were distributed to class members who submitted Claim Forms and were eligible for payment in September 2014. Additional distributions of settlement funds to eligible claimants occurred in March 2015 and September 2015 and the administration of this Settlement is now closed.

Background

This was a securities fraud class action against Toyota Motor Corporation ("Toyota" or the "Company") and certain of its officers, directors and subsidiaries, on behalf of Toyota investors who purchased or otherwise acquired Toyota American Depositary Shares from May 10, 2005 through February 2, 2010, inclusive (the "Class Period").

On August 2, 2010, the Honorable Dale S. Fischer appointed the Maryland State Retirement and Pension System as Lead Plaintiff and BLB&G as Lead Counsel for the Class, and on October 4, 2010, Plaintiffs filed the Consolidated Class Action Complaint.

As alleged in the Complaint, the Defendants repeatedly assured the public, the government, and Toyota investors throughout the Class Period that Toyota's vehicles remained of high quality and were safe, all the while knowing that serious, undisclosed problems with unintended acceleration affected nearly all of Toyota's top-selling models. At the same time that Toyota was issuing public statements of Toyota's strong commitment to safety and quality, Defendants knew that Toyota vehicles were prone to unintended acceleration problems that ultimately resulted in serious injuries and fatalities among Toyota customers, massive recalls, and a staggering decline in the value of Toyota shares.

For years, Toyota took various steps to avoid recalling defective vehicles and publicly disclosing the unintended acceleration problems in its vehicles. Among other things, Toyota hired former high-level federal regulators to act as Toyota lobbyists and persuade their former colleagues at the National Highway Transportation Safety Administration ("NHTSA") to limit or resolve investigations into safety defects without requiring Toyota to issue costly recalls or alert the public to the dangers. Moreover, Toyota steadfastly denied that any defect in Toyota vehicles was the cause of unintended acceleration and withheld or delayed information from NHTSA that would have alerted the agency to the problems.

As a result of Defendants' misrepresentations and omissions concerning the quality and safety of Toyota vehicles and the Company's compliance with the law, Toyota's securities traded at artificially inflated prices during the Class Period. When the truth about Toyota's unintended acceleration problems and vehicle defects began to emerge in

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late 2009, the price of Toyota's securities plunged, wiping out billions in shareholder value. Revelations about Toyota's deceptive tactics with regulators and false public denials further eroded Toyota's vaunted reputation for safety and quality, prompting Congressional hearings, a grand jury investigation, a record $16.4 million fine, and additional investigations by the SEC, NHTSA and foreign regulators.

On January 20, 2011, Defendants filed a Motion to Dismiss the Consolidated Class Action Complaint, which Plaintiffs opposed. On June 6, 2011, Judge Fischer heard oral argument on Defendants' motion to dismiss in Los Angeles, California.

On July 7, 2011, the Court issued its Order sustaining certain of Plaintiffs' claims. The Court's Order lifted the mandatory stay of discovery imposed by the Private Securities Litigation Reform Act of 1995, and discovery commenced. On September 9, 2011, Defendants filed their Answer to the Consolidated Class Action Complaint.

On December 6, 2011, Lead Plaintiff filed a Motion to Compel the Production of Documents from Defendants ("Motion to Compel"), which Defendants opposed. On March 9, 2012, Special Master Phillips issued a Report and Rulings Regarding Lead Plaintiff's Motion to Compel, which largely granted Lead Plaintiff's Motion. In the Report and Rulings, the Special Master rejected all of Defendants' general objections to the subject document requests and nearly all of Defendants' specific objections, and compelled Defendants to produce documents responsive to the substantial majority of the document requests at issue.

On December 9, 2011, Defendants filed a Motion for Partial Judgment on the Pleadings, which Lead Plaintiff opposed. On February 21, 2012, the Court issued an Order denying Defendants' Motion.

On February 17, 2012, Lead Plaintiff filed its motion for class certification.

On November 9, 2012, the parties stipulated to a settlement in which Defendants agree to pay $25.5 million in cash to resolve all claims in the action asserted by or on behalf of persons or entities that purchased or acquired Toyota ADS's during the Class Period. The full definition of the Class is set forth in a Notice of Pendency of Class Action authorized by the Court.

On November 13, 2012, the parties submitted the proposed settlement to the Court, along with Lead Plaintiff's motion for preliminary approval of the Settlement. As set forth above and in the preliminary approval motion, the proposed settlement provides for a total cash payment of $25,500,000.00 to resolve all claims in the action. In particular, the proposed settlement, if approved by the Court, will settle certain claims of all persons and entities who purchased or otherwise acquired Toyota ADS's from May 10, 2005 through February 2, 2010, inclusive. Toyota common stock purchasers are not included in the Class definition or the settlement.

On January 3, 2013, the Court entered its Order preliminarily approving of the settlement and providing notice to the class.

On March 15, 2013, the Court entered the Final Judgment and Order of Dismissal with Prejudice and approved the plan of allocation. On March 19, 2013, the Court awarded attorneys' fees and reimbursement of litigation expenses.

Case Documents

- August 4, 2014 - Second Amended Order Approving Distribution Plan
- March 19, 2013 - Order Granting Motion for Attorney's fees and Reimbursement of Litigation Expenses

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- March 15, 2013 - Order Approving Plan of Allocation
- March 15, 2013 - Final Judgment and Order of Dismissal with Prejudice
- January 3, 2013 - Notice of Pendency of Class Action and Promosed Settlement, Settlement Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses
- January 3, 2013 - Order Preliminarily approving Settlement, Certifying Class, Providing for Notice and Scheduling Settlement Hearing
- July 7, 2011 - Toyota Order Granting In Part and Denying in Part Motion to Dismiss
- June 20, 2011 - Notice of Submission in Further Support of Plaintiffs' Opposition to Motion to Dismiss and Pursuant to Court Instructions at June 6, 2011 Hearing
- October 4, 2010 - Consolidated Class Action Complaint

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