

Facebook investor class-action suit to move forward

30 December 2015



A Facebook logo seen through the windows of the NASDAQ stock exchange as people walk by in New York on May 17, 2012

A US judge has cleared a class-action suit against Facebook from investors claiming the social network failed to fully disclose its risks at the time of its 2012 share offering.

In a ruling posted this week, Judge Robert Sweet certified the class-action suit which claimed Facebook failed to provide adequate information to all its investors.

In the case led by teacher and other public employee pension funds, the plaintiffs claim Facebook withheld key financial information ahead of the [initial public offering](#) in 2012.

The judge said there was evidence presented that some investors failed to get the same information as investment banks and other [institutional investors](#) that were close to the underwriters.

He said the case could move forward with

"subclasses" of retail and institutional investors.

Facebook, which has denied the accusations, said it was appealing the decision.

"We are disappointed with the decision, and have already filed an appeal," the company said.

"We believe the class certification is without merit and conflicts with well-settled Supreme Court and Second Circuit (appeals court) law."

The [stock market debut](#) appeared troubled for Facebook after the IPO, as its share price sank around 50 percent from the \$38 introductory level, with investors concerned about its revenue growth potential.

But more than three years later, Facebook shares have topped \$100, making it among the largest firms in the tech sector with a market value of some \$300 billion.

© 2015 AFP

APA citation: Facebook investor class-action suit to move forward (2015, December 30) retrieved 20 April 2021 from <https://phys.org/news/2015-12-facebook-investor-class-action.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.