



# Facebook, Zuck Sued By "Shocked" Shareholders As "The Truth" Emerges

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by Tyler Durden

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Following a disappointing earnings announcement that wiped out about \$120 billion of shareholder wealth, Facebook, its CEO and CFO, are being sued by a shareholder potentially ***opening the floodgates for sore-losing stock market gamblers the world over.***

*"As a result of **Defendants' wrongful acts and omissions**, and the precipitous decline in the market value of the Company's common shares, **Plaintiff and other Class members have suffered significant losses and damages**"*

Who could have seen that coming?

The complaint filed by **shareholder James Kacouris** in Manhattan federal court accused Facebook, Zuckerberg and Chief Financial Officer David Wehner of **making misleading statements about or failing to disclose slowing revenue growth, falling operating margins, and declines in active users.**

Kacouris said the marketplace **was “shocked” when “the truth” began to emerge on Wednesday** from the Menlo Park, California-based company. **He said the 19 percent plunge in Facebook shares the next day stemmed from federal securities law violations by the defendants.**

*"The Individual Defendants possessed the power and authority to control the contents of Facebook's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of the Company's SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected.*

***Because of their positions with the Company, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then materially false and***

***misleading.*** *The Individual Defendants are liable for the false statements and omissions pleaded herein."*

Presumably Mr Kacouris would have preferred if Zuck had leaked the material non-public information to him first so he could have unwound his holdings in Facebook shares and avoided the losses from reality suddenly biting on a stock that has grown to the proverbial skies.

*As Reuters notes*, shareholders often sue companies in the United States after unexpected stock price declines, especially if the loss of wealth is large. The lawsuit seeks class-action status and unspecified damages. A Facebook spokeswoman declined to comment.

Full Docket below...



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