

v.

1  
2 FACEBOOK INC.; MARK  
3 ZUCKERBURG; DONALD E. GRAHAM;  
4 DAVID A. EBERSMAN; JAMES W.  
5 BREYER; DAVID M. SPILLANE; PETER  
6 A. THIEL; MARC L. ANDREESSEN;  
7 REED HASTINGS; ERSKINE B. BOWLES;  
8 MORGAN STANLEY & CO.  
9 LLC; J.P. MORGAN SECURITIES LLC;  
10 GOLDMAN, SACHS & CO.; MERRILL  
11 LYNCH; E \*TRADE SECURITIES.LLC;  
12 OPPENHEIMER & CO., INC.;;  
13 BARCLAYS CAPITAL INC.;;  
14 CITIGROUP GLOBAL MARKETS INC.;;  
15 CREDIT SUISSE SECURITIES (USA)  
16 LLC; PIERCE, FENNER & SMITH  
17 INCORPORATED; ALLEN &  
18 FACEBOOK LLC; DEUTSCHE BANK  
19 SECURITIES INC.; RBC CAPITAL  
20 MARKETS, LLC; MURIEL SIEBERT & CO.,  
21 INC.; CABRERA CAPITAL  
22 MARKETS, LLC; BMO CAPITAL  
23 MARKETS CORP.; CASTLEOAK  
24 SECURITIES, LP.; LAZARD CAPITAL  
25 MARKETS LLC; PACIFIC CREST  
26 SECURITIES LLC; LOOP CAPITAL  
27 MARKETS LLC; ITAU BBA USA  
28 SECURITIES, INC.;W ILLIAM BLAIR &  
FACEBOOK, L.L.C.; BLAYLOCK  
ROBERT VAN LLC; LEBENTHAL & CO.  
LLC; M.R. BEAL & FACEBOOK;  
MACQUARIE CAPITAL (USA) INC.;;  
PIPER JAFFRAY & CO.; COWEN AND  
FACEBOOK, LLC; RAYMOND JAMES  
ASSOCIATES, INC.; STIFEL,  
NICOLAUS & FACEBOOK,  
INCORPORATED; C.L. KING &  
ASSOCIATES, INC.; SAMUEL A.  
RAMIREZ & FACEBOOK, INC.; COWEN  
AND FACEBOOK, LLC; THE WILLIAMS  
CAPITAL GROUP, LP; and Does 1  
through 100, inclusive,

Defendants.

PLAINTIFFS' NOTICE OF MOTION AND  
MOTION TO CONSOLIDATE ALL RELATED ACTIONS AND APPOINT CO-LEAD COUNSEL

1 KAREN CUKER and BRIAN GRALNICK,  
2 Individually and On Behalf of All Others Similarly  
3 Situated,

4 Plaintiffs,

5 v.

6 FACEBOOK, INC., MARK ZUCKERBERG,  
7 DAVID A. EBERSMAN, DAVID M. SPILLANE,  
8 MARC L. ANDREESSEN, ERSKINE B.  
9 BOWLES, JAMES W. BREYER, DONALD E.  
10 GRAHAM, REED HASTINGS, PETER A.  
11 THIEL, MORGAN STANLEY & CO. LLC, J.P.  
12 MORGAN SECURITIES LLC, GOLDMAN,  
13 SACHS & CO., MERRILL LYNCH, PIERCE,  
14 FENNER & SMITH INCORPORATED,  
15 BARCLAYS CAPITAL INC., ALLEN &  
16 COMPANY LLC, CITIGROUP GLOBAL  
17 MARKETS INC., CREDIT SUISSE  
18 SECURITIES (USA) LLC, DEUTSCHE BANK  
19 SECURITIES INC., RBC CAPITAL MARKETS,  
20 LLC, WELLS FARGO SECURITIES, LLC,  
21 BLAYLOCK ROBERT VAN LLC, BMO  
22 CAPITAL MARKETS CORP., C.L. KING &  
23 ASSOCIATES, INC., CABRERA CAPITAL  
24 MARKETS, LLC, CASTLEOAK SECURITIES,  
25 L.P., COWEN AND COMPANY, LLC.,  
26 E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
27 SECURITIES, INC., LAZARD CAPITAL  
28 MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

Case No. CIV514238

Date Filed: May 30, 2012

1 HARVEY LAPIN, Individually and On Behalf of  
All Others Similarly Situated,

Case No. CIV514240  
Date Filed: May 30, 2012

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Plaintiff,

v.

FACEBOOK, INC., MARK ZUCKERBERG,  
DAVID A. EBERSMAN, DAVID M. SPILLANE,  
MARC L. ANDREESSEN, ERSKINE B.  
BOWLES, JAMES W. BREYER, DONALD E.  
GRAHAM, REED HASTINGS, PETER A.  
THIEL, MORGAN STANLEY & CO. LLC, J.P.  
MORGAN SECURITIES LLC, GOLDMAN,  
SACHS & CO., MERRILL LYNCH, PIERCE,  
FENNER & SMITH INCORPORATED,  
BARCLAYS CAPITAL INC., ALLEN &  
COMPANY LLC, CITIGROUP GLOBAL  
MARKETS INC., CREDIT SUISSE  
SECURITIES (USA) LLC, DEUTSCHE BANK  
SECURITIES INC., RBC CAPITAL MARKETS,  
LLC, BLAYLOCK ROBERT VAN LLC, BMO  
CAPITAL MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA CAPITAL  
MARKETS, LLC, CASTLEOAK SECURITIES,  
L.P., COWEN AND COMPANY, LLC.,  
E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
SECURITIES, INC., LAZARD CAPITAL  
MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

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**PLAINTIFFS' NOTICE OF MOTION AND MOTION TO CONSOLIDATE ALL  
RELATED ACTIONS AND APPOINT CO-LEAD COUNSEL**

TO THE CLERK OF THE COURT, ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that on June \_\_, 2012 at \_\_ a.m./p.m., in Department \_\_  
of the San Mateo County Superior Court, Hall of Justice, 400 County Center, Redwood City, CA  
94063, before the Honorable \_\_, Plaintiffs will and hereby do move the Court to: (1)  
consolidate the following related actions: *Darryl Lazar v. Facebook, Inc. et al.*, Case No.  
CIV514065 (filed on May 22, 2012), *Matthew Pilgrim v. Facebook, Inc. et al.*, Case No.  
CIV514111 (filed on May 23, 2012) and *Jennifer Stokes v. Facebook, Inc. et al.*, Case No.  
CIV514107 (filed on May 23, 2012), *Vernon R. DeMois, Jr., v. Facebook, Inc., et al.*, Case No.  
CIV514163 (filed on May 25, 2012), *Elbita Alfonso, v. Facebook, Inc., et al.*, Case No.  
CIV514171 (filed on May 25, 2012), *Edward J. Shierry, v. Facebook, Inc., et al.*, Case No.  
CIV514172 (filed on May 25, 2012), *Michael Lieber v. Facebook, Inc., et al.*, Case No.  
CIV514193 (filed on May 29, 2012), *Karen Cuker and Brian Gralnick v. Facebook, Inc., et al.*,  
Case No. CIV514238 (filed on May 30, 2012), and *Harvey Lapin v. Facebook, Inc., et al.*, Case  
No. CIV514240 (filed on May 30, 2012), and all other related shareholder litigation against  
Defendants<sup>1</sup> that arise out of the alleged false and misleading Facebook's registration statement

<sup>1</sup> Defendants are substantially similar in all actions. For example, For example, in the *Lazar*,  
*Stokes* and *Pilgrim* actions, defendants include Facebook Inc., Mark Zuckerberg, David A.  
Ebersman, David M. Spillane, Marc L. Andreessen, Erskine B. Bowles, James W. Breyer,  
Donald E. Graham, Reed Hastings, Peter A. Thiel, Morgan Stanley & Co. LLC, Goldman, Sachs  
& Co., Barclays Capital Inc., Allen & Company LLC, Citigroup Global Markets Inc., Credit  
Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., RBC Capital Markets, LLC,  
Blaylock Robert Van LLC, BMO Capital Markets Corp., C.L. King & Associates, Inc., Cabrera  
Capital Markets, LLC, Castleoak Securities, L.P., Cowen and Company, LLC, E\*Trade  
Securities LLC, Itaú BBA USA Securities, Inc., Lazard Capital Markets LLC, Leberthal & Co.,  
LLC, Loop Capital Markets LLC, M.R. Beal & Company, Macquarie Capital (USA) Inc., Muriel  
Siebert & Co., Inc., Oppenheimer & Co., Inc., Pacific Crest Securities LLC, Piper Jaffray & Co.,  
Raymond James & Associates, Inc., Samuel A. Ramirez & Company, Inc., Stifel, Nicolaus &  
Company Incorporated, The Williams Capital Group, L.P., and William Blair & Company,  
L.L.C. In addition to these defendants, the *Lazar* and *Stokes* actions also include defendants J.P.  
Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

(footnote continued..)

1 and prospectuses (collectively, the "Registration Statement") issued in connection with the May  
2 18, 2012 offering of 421,233,615 shares of common stock (the "Offering"); and (2) appoint  
3 Plaintiffs' counsel, Glancy Binkow & Goldberg LLP, Johnson & Weaver, LLP and Barrack,  
4 Rodos & Bacine as Co-Lead Counsel.

5 This motion is based on this Notice of Motion, the Memorandum of Points and  
6 Authorities in support thereof, the Declaration of Lionel Z. Glancy, any arguments made before  
7 the Court at the hearing of this Motion and all other papers and pleadings on file in this action.

8 Dated: June \_\_, 2012

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22 \_\_\_\_\_  
23 (...footnote continued)

24 Additionally, even though the *Lieber* action erroneously named Allen & Facebook LLC,  
25 William Blair & Facebook, L.L.C., M.R. Beal & Facebook, Cowen And Facebook, LLC, Stifel,  
26 Nicolaus & Facebook, Samuel A. Ramirez & Facebook, Inc., and Cowen and Facebook, LLC in  
27 its caption, this appears to be simply a series of typographical errors. If these errors had not  
28 occurred, the *Lieber* action would have named the same defendants in its caption that were  
named in the other Related Actions.

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and Harvey Lapin*

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*Counsel for Plaintiff Jennifer Stokes*

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*Counsel for Plaintiff Elbita Alfonso*

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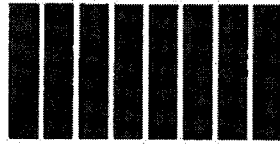


EXHIBIT G

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EXHIBIT G

1 LIONEL Z. GLANCY (#134180)  
2 MICHAEL GOLDBERG (#188669)  
3 ROBERT V. PRONGAY (#270796)  
4 CASEY E. SADLER (#274241)  
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11 *Attorneys for Plaintiff Darryl Lazar*

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 FOR THE COUNTY OF SAN MATEO

14 DARRYL LAZAR, Individually and On Behalf  
15 of All Others Similarly Situated,

16 Plaintiff,

17 v.

18 FACEBOOK, INC., MARK ZUCKERBERG,  
19 DAVID A. EBERSMAN, DAVID M.  
20 SPILLANE, MARC L. ANDREESSEN,  
21 ERSKINE B. BOWLES, JAMES W. BREYER,  
22 DONALD E. GRAHAM, REED HASTINGS,  
23 PETER A. THIEL, MORGAN STANLEY &  
24 CO. LLC, J.P. MORGAN SECURITIES LLC,  
25 GOLDMAN, SACHS & CO., MERRILL  
26 LYNCH, PIERCE, FENNER & SMITH  
27 INCORPORATED, BARCLAYS CAPITAL  
28 INC., ALLEN & COMPANY LLC,  
CITIGROUP GLOBAL MARKETS INC.,  
CREDIT SUISSE SECURITIES (USA) LLC,  
DEUTSCHE BANK SECURITIES INC., RBC  
CAPITAL MARKETS, LLC, BLAYLOCK  
ROBERT VAN LLC, BMO CAPITAL  
MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA CAPITAL  
MARKETS, LLC, CASTLEOAK  
SECURITIES, L.P., COWEN AND  
COMPANY, LLC., E\*TRADE SECURITIES  
LLC, ITAÚ BBA USA SECURITIES, INC.,  
LAZARD CAPITAL MARKETS LLC,  
LEBENTHAL & CO., LLC, LOOP CAPITAL  
MARKETS LLC, M.R. BEAL & COMPANY,

Case No. CIV514065

CLASS ACTION

Date: TBD

Time: TBD

Dept: TBD

1 MACQUARIE CAPITAL (USA) INC.,  
2 MURIEL SIEBERT & CO., INC.,  
3 OPPENHEIMER & CO. INC., PACIFIC  
4 CREST SECURITIES LLC, PIPER JAFFRAY  
5 & CO., RAYMOND JAMES & ASSOCIATES,  
6 INC., SAMUEL A. RAMIREZ & COMPANY,  
7 INC., STIFEL, NICOLAUS & COMPANY,  
8 INCORPORATED, THE WILLIAMS  
9 CAPITAL GROUP, L.P., and WILLIAM  
10 BLAIR & COMPANY, L.L.C.,

11 **Defendants.**

12 JENNIFER STOKES , Individually and On  
13 Behalf of All Others Similarly Situated,

14 **Plaintiff,**

15 v.

16 FACEBOOK, INC., MARK ZUCKERBERG,  
17 DAVID A. EBERSMAN, DAVID M.  
18 SPILLANE, MARC L. ANDREESSEN,  
19 ERSKINE B. BOWLES, JAMES W. BREYER,  
20 DONALD E. GRAHAM, REED HASTINGS,  
21 PETER A. THIEL, MORGAN STANLEY & CO.  
22 LLC, J.P. MORGAN SECURITIES LLC,  
23 GOLDMAN, SACHS & CO., MERRILL  
24 LYNCH, PIERCE, FENNER & SMITH  
25 INCORPORATED, BARCLAYS CAPITAL  
26 INC., ALLEN & COMPANY LLC, CITIGROUP  
27 GLOBAL MARKETS INC., CREDIT SUISSE  
28 SECURITIES (USA) LLC, DEUTSCHE BANK  
SECURITIES INC., RBC CAPITAL MARKETS,  
LLC, BLAYLOCK ROBERT VAN LLC, BMO  
CAPITAL MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA CAPITAL  
MARKETS, LLC, CASTLEOAK SECURITIES,  
L.P., COWEN AND COMPANY, LLC.,  
E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
SECURITIES, INC., LAZARD CAPITAL  
MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,

Case No. CIV514107  
Date Filed: May 23, 2012

1 STIFEL, NICOLAUS & COMPANY,  
2 INCORPORATED, THE WILLIAMS CAPITAL  
3 GROUP, L.P., and WILLIAM BLAIR &  
4 COMPANY, L.L.C.,

5 Defendants.

6 MATTHEW PILGRAM, Individually and On  
7 Behalf of All Others Similarly Situated,

8 Plaintiff,

9 v.

10 FACEBOOK, INC., MARK ZUCKERBERG,  
11 DAVID A. EBERSMAN, DAVID M.  
12 SPILLANE, MARC L. ANDREESSEN,  
13 ERSKINE B. BOWLES, JAMES W. BREYER,  
14 DONALD E. GRAHAM, REED HASTINGS,  
15 PETER A. THIEL, MORGAN STANLEY & CO.  
16 LLC, BARCLAYS CAPITAL INC., ALLEN &  
17 COMPANY LLC, CITIGROUP GLOBAL  
18 MARKETS INC., CREDIT SUISSE  
19 SECURITIES (USA) LLC, DEUTSCHE BANK  
20 SECURITIES INC., RBC CAPITAL MARKETS,  
21 LLC, BLAYLOCK ROBERT VAN LLC, BMO  
22 CAPITAL MARKETS CORP., C.L. KING &  
23 ASSOCIATES, INC., CABRERA CAPITAL  
24 MARKETS, LLC, CASTLEOAK SECURITIES,  
25 L.P., COWEN AND COMPANY, LLC.,  
26 E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
27 SECURITIES, INC., LAZARD CAPITAL  
28 MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

Case No. CIV514111

Date Filed: May 23, 2012

1 VERNON R. DeMOIS JR., Individually and on  
2 Behalf of All Others Similarly Situated,

Plaintiff

Case No. CIV514163  
Date Filed: May 25, 2012

3 v.

4 FACEBOOK, INC., MARK ZUCKERBERG,  
5 DAVID A. EBERSMAN, DAVID M. SPILLANE,  
6 MARC L. ANDREESSEN, ERSKINE B.  
7 BOWLES, JAMES W. BREYER, DONALD E.  
8 GRAHAM, REED HASTINGS, PETER A.  
9 THIEL, AND MORGAN STANLEY & CO. LLC.

Defendants.

10 ELBITA ALFONSO, Individually and on Behalf  
11 of All Others Similarly Situated,

Plaintiff

Case No. CIV514171  
Date Filed: May 25, 2012

12 v.

13 FACEBOOK, INC., MARK ZUCKERBERG,  
14 DAVID A. EBERSMAN, DAVID M. SPILLANE,  
15 MARC L. ANDREESSEN, ERSKINE B.  
16 BOWLES, JAMES W. BREYER, DONALD E.  
17 GRAHAM, REED HASTINGS, PETER A.  
18 THIEL, MORGAN STANLEY & CO. LLC, J.P.  
19 MORGAN SECURITIES LLC, GOLDMAN,  
20 SACHS & CO., MERRILL LYNCH, PIERCE,  
21 FENNER & SMITH INCORPORATED,  
22 BARCLAYS CAPITAL INC., ALLEN &  
23 COMPANY LLC, CITIGROUP GLOBAL  
24 MARKETS INC.C, REDIT SUISSE  
25 SECURITIES (USA) LLC, DEUTSCHE BANK  
26 SECURITIES INC., RBC CAPITAL MARKETS,  
27 LLC, and WELLS FARGO SECURITIES, LLC,

Defendants.

1 EDWARD J. SHIERRY, Individually and On  
Behalf of All Others Similarly Situated,

2  
3  
4 Plaintiff,

5 v.

6 FACEBOOK, INC., MARK ZUCKERBERG,  
7 DAVID E. EBERSMAN, DAVID M.  
8 SPILLANE, MARC L. ANDREESSEN,  
9 ERSKINE B. BOWLES, JAMES W. BREYER,  
10 DONALD E. GRAHAM, REED HASTINGS,  
11 PETER A. THIEL, MORGAN STANLEY & CO.  
12 LLC, GOLDMAN, SACHS & CO.,  
13 BARCLAYS CAPITAL INC., ALLEN &  
14 COMPANY LLC, CITIGROUP GLOBAL  
15 MARKETS INC., CREDIT SUISSE  
16 SECURITIES (USA) LLC, DEUTSCHE  
17 BANK SECURITIES INC., RBC CAPITAL  
18 MARKETS, LLC, BLAYLOCK  
19 ROBERT VAN LLC, BMO CAPITAL  
20 MARKETS CORP., C.L. KING &  
21 ASSOCIATES, INC., CABRERA CAPITAL  
22 MARKETS, LLC, CASTLEOAK SECURITIES,  
23 L.P., COWEN AND COMPANY, LLC.,  
24 E\*TRADE SECURITIES, LLC, ITAU  
25 BBA USA SECURITIES, INC., LAZARD  
26 CAPITAL MARKETS LLC, LEBENTHAL &  
27 CO., LLC, LOOP CAPITAL MARKETS LLC,  
28 M.R. BEAL & COMPANY, MACQUARIE  
CAPITAL(USA) INC., MURIEL SIEBERT &  
CO., INC., OPPENHEIMER & CO. INC.,  
PACIFIC CREST SECURITIES LLC,  
PIPER JAFFRA Y & CO., RAYMOND JAMES  
& ASSOCIATES, INC., SAMUEL  
A. RAMIREZ & COMPANY, INC., STIFEL,  
NICOLAUS & COMPANY, INCORPORATED,  
THE WILLIAMS CAPITAL GROUP, L.P., and  
WILLIAM BLAIR & COMPANY, L.L.C.,

Defendants.

Case No. CIV514172

Date Filed: May 25, 2012

26 MICHAEL LIEBER, Individually and On Behalf  
of All Others Similarly Situated,

27  
28 Plaintiff,

Case No. CIV514193

Date Filed: May 29, 2012

1 v.

2 FACEBOOK INC.; MARK  
3 ZUCKERBURG; DONALD E. GRAHAM;  
4 DAVID A. EBERSMAN; JAMES W.  
5 BREYER; DAVID M. SPILLANE; PETER  
6 A. THIEL; MARC L. ANDREESSEN;  
7 REED HASTINGS; ERSKINE B. BOWLES;  
8 MORGAN STANLEY & CO.  
9 LLC; J.P. MORGAN SECURITIES LLC;  
10 GOLDMAN, SACHS & CO.; MERRILL  
11 LYNCH; E \*TRADE SECURITIES LLC;  
12 OPPENHEIMER & CO., INC.;  
13 BARCLAYS CAPITAL INC.;  
14 CITIGROUP GLOBAL MARKETS INC.;  
15 CREDIT SUISSE SECURITIES (USA)  
16 LLC; PIERCE, FENNER & SMITH  
17 INCORPORATED; ALLEN &  
18 FACEBOOK LLC; DEUTSCHE BANK  
19 SECURITIES INC.; RBC CAPITAL  
20 MARKETS, LLC; MURIEL SIEBERT & CO.,  
21 INC.; CABRERA CAPITAL  
22 MARKETS, LLC; BMO CAPITAL  
23 MARKETS CORP.; CASTLEOAK  
24 SECURITIES, LP.; LAZARD CAPITAL  
25 MARKETS LLC; PACIFIC CREST  
26 SECURITIES LLC; LOOP CAPITAL  
27 MARKETS LLC; ITAU BBA USA  
28 SECURITIES, INC.; WILLIAM BLAIR &  
FACEBOOK, L.L.C.; BLAYLOCK  
ROBERT VAN LLC; LEBENTHAL & CO.  
LLC; M.R. BEAL & FACEBOOK;  
MACQUARIE CAPITAL (USA) INC.;  
PIPER JAFFRAY & CO.; COWEN AND  
FACEBOOK, LLC; RAYMOND JAMES  
ASSOCIATES, INC.; STIFEL,  
NICOLAUS & FACEBOOK,  
INCORPORATED; C.L. KING &  
ASSOCIATES, INC.; SAMUEL A.  
RAMIREZ & FACEBOOK, INC.; COWEN  
AND FACEBOOK, LLC; THE WILLIAMS  
CAPITAL GROUP, LP; and Does 1  
through 100, inclusive,

Defendants.

1 KAREN CUKER and BRIAN GRALNICK,  
2 Individually and On Behalf of All Others Similarly  
3 Situated,

4 Plaintiffs,

5 v.

6 FACEBOOK, INC., MARK ZUCKERBERG,  
7 DAVID A. EBERSMAN, DAVID M. SPILLANE,  
8 MARC L. ANDREESSEN, ERSKINE B.  
9 BOWLES, JAMES W. BREYER, DONALD E.  
10 GRAHAM, REED HASTINGS, PETER A.  
11 THIEL, MORGAN STANLEY & CO. LLC, J.P.  
12 MORGAN SECURITIES LLC, GOLDMAN,  
13 SACHS & CO., MERRILL LYNCH, PIERCE,  
14 FENNER & SMITH INCORPORATED,  
15 BARCLAYS CAPITAL INC., ALLEN &  
16 COMPANY LLC, CITIGROUP GLOBAL  
17 MARKETS INC., CREDIT SUISSE  
18 SECURITIES (USA) LLC, DEUTSCHE BANK  
19 SECURITIES INC., RBC CAPITAL MARKETS,  
20 LLC, WELLS FARGO SECURITIES, LLC,  
21 BLAYLOCK ROBERT VAN LLC, BMO  
22 CAPITAL MARKETS CORP., C.L. KING &  
23 ASSOCIATES, INC., CABRERA CAPITAL  
24 MARKETS, LLC, CASTLEOAK SECURITIES,  
25 L.P., COWEN AND COMPANY, LLC.,  
26 E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
27 SECURITIES, INC., LAZARD CAPITAL  
28 MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

Case No. CIV514238  
Date Filed: May 30, 2012



1 HARVEY LAPIN, Individually and On Behalf of  
All Others Similarly Situated,

Case No. CIV514240  
Date Filed: May 30, 2012

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Plaintiff,

v.

FACEBOOK, INC., MARK ZUCKERBERG,  
DAVID A. EBERSMAN, DAVID M. SPILLANE,  
MARC L. ANDREESSEN, ERSKINE B.  
BOWLES, JAMES W. BREYER, DONALD E.  
GRAHAM, REED HASTINGS, PETER A.  
THIEL, MORGAN STANLEY & CO. LLC, J.P.  
MORGAN SECURITIES LLC, GOLDMAN,  
SACHS & CO., MERRILL LYNCH, PIERCE,  
FENNER & SMITH INCORPORATED,  
BARCLAYS CAPITAL INC., ALLEN &  
COMPANY LLC, CITIGROUP GLOBAL  
MARKETS INC., CREDIT SUISSE  
SECURITIES (USA) LLC, DEUTSCHE BANK  
SECURITIES INC., RBC CAPITAL MARKETS,  
LLC, BLAYLOCK ROBERT VAN LLC, BMO  
CAPITAL MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA CAPITAL  
MARKETS, LLC, CASTLEOAK SECURITIES,  
L.P., COWEN AND COMPANY, LLC.,  
E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
SECURITIES, INC., LAZARD CAPITAL  
MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

**PLAINTIFFS' MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF  
MOTION FOR CONSOLIDATION AND APPOINTMENT OF CO-LEAD COUNSEL**

PLAINTIFFS' MPA IN SUPPORT OF  
MOTION FOR CONSOLIDATION AND APPOINTMENT OF CO-LEAD COUNSEL

1 Darryl Lazar, Jennifer Stokes, Matthew Pilgrim, Vernon R. DeMois, Jr., Elbita Alfonso,  
2 Edward J. Shierry, Michael Lieber, Karen Cuker, Brian Gralnick and Harvey Lapin  
3 (“Plaintiffs”)<sup>1</sup> respectfully submit this “Memorandum Of Points And Authorities In Support of  
4 Motion To Consolidate All Related Actions And Appoint Co-Lead Counsel” (hereinafter, the  
5 “Motion”).

6 **I. INTRODUCTION**

7 Currently pending before this Court are nine related actions (the “Related Actions”)  
8 which should be consolidated pursuant to *California Code of Civil Procedure* §1048.<sup>2</sup> Each of  
9 these actions arise from a similar factual nucleus, asserting similar claims against Facebook Inc.  
10 (“Facebook” or the “Company”) and certain officers and directors of the Company<sup>3</sup> for  
11

12 <sup>1</sup> The plaintiffs in each of the Related Actions (as defined below) support this motion.

13 <sup>2</sup> The “Related Actions” include: *Darryl Lazar v. Facebook, Inc. et al.*, Case No. CIV514065  
14 (filed on May 22, 2012), *Matthew Pilgrim v. Facebook, Inc. et al.*, Case No. CIV514111 (filed  
15 on May 23, 2012) and *Jennifer Stokes v. Facebook, Inc. et al.*, Case No. CIV514107 (filed on  
16 May 23, 2012), *Vernon R. DeMois, Jr., v. Facebook, Inc., et al.*, Case No. CIV514163 (filed on  
17 May 25, 2012), *Elbita Alfonso, v. Facebook, Inc., et al.*, Case No. CIV514171 (filed on May 25,  
18 2012), *Edward J. Shierry, v. Facebook, Inc., et al.*, Case No. CIV514172 (filed on May 25,  
19 2012), *Michael Lieber v. Facebook, Inc., et al.*, Case No. CIV514193 (filed on May 29, 2012),  
20 *Karen Cuker and Brian Gralnick v. Facebook, Inc., et al.*, Case No. CIV514238 (filed on May  
30, 2012), and *Harvey Lapin v. Facebook, Inc., et al.*, Case No. CIV514240 (filed on May 30,  
2012). A copy of each complaint from each action is attached as Exhibits A through I to the  
Declaration of Lionel Z. Glancy (attached hereto as Exhibit 1) filed herewith and in support of  
the Motion (“Glancy Decl.”).

21 <sup>3</sup> For example, in the *Lazar, Stokes* and *Pilgrim* actions, defendants include Facebook Inc., Mark  
22 Zuckerberg, David A. Ebersman, David M. Spillane, Marc L. Andreessen, Erskine B. Bowles,  
23 James W. Breyer, Donald E. Graham, Reed Hastings, Peter A. Thiel, Morgan Stanley & Co.  
24 LLC, Goldman, Sachs & Co., Barclays Capital Inc., Allen & Company LLC, Citigroup Global  
25 Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., RBC Capital  
26 Markets, LLC, Blaylock Robert Van LLC, BMO Capital Markets Corp., C.L. King &  
27 Associates, Inc., Cabrera Capital Markets, LLC, Castleoak Securities, L.P., Cowen and  
28 Company, LLC, E\*Trade Securities LLC, Itaú BBA USA Securities, Inc., Lazard Capital  
Markets LLC, Lebenthal & Co., LLC, Loop Capital Markets LLC, M.R. Beal & Company,  
Macquarie Capital (USA) Inc., Muriel Siebert & Co., Inc., Oppenheimer & Co., Inc., Pacific  
Crest Securities LLC, Piper Jaffray & Co., Raymond James & Associates, Inc., Samuel A.  
Ramirez & Company, Inc., Stifel, Nicolaus & Company Incorporated, The Williams Capital  
Group, L.P., and William Blair & Company, L.L.C. In addition to these defendants, the *Lazar*

(footnote continued...)

1 violations of the federal Securities Act. Moreover, Glancy Binkow & Goldberg LLP, Johnson &  
2 Weaver, LLP and Barrack, Rodos & Bacine are qualified to represent the interests of  
3 shareholders in the Related Actions as Co-Lead Counsel, and Plaintiffs in the above-referenced  
4 actions have agreed to the proposed leadership structure. Proposed Co-Lead Counsel have  
5 achieved tremendous results for shareholders when prosecuting securities class actions, such as  
6 the Related Actions currently pending before the Court.<sup>4</sup>

7 Accordingly, Plaintiffs respectfully request that the Court approve its choice of Glancy  
8 Binkow & Goldberg LLP, Johnson & Weaver, LLP and Barrack, Rodos & Bacine as Co-Lead  
9 Counsel to represent the class in the Related Actions. Additionally, Plaintiffs respectfully  
10 request that the Court consolidate the Related Actions, pursuant to *California Code of Civil*  
11 *Procedure* §1048(a), to ensure the orderly prosecution of the claims before the Court, and  
12 provide the class and the Court with a structure to ensure that the best interests of the proposed  
13 class are protected. Submitted contemporaneously herewith is a “[Proposed] Order Granting  
14 Plaintiffs’ Motion To Consolidate All Related Actions And Appoint Co-Lead Counsel and Co-  
15 Lead Plaintiffs” (the “[Proposed] Order”) that: (1) consolidates the Related Actions; and (2)  
16 appoints Glancy Binkow & Goldberg LLP, Johnson & Weaver, LLP and Barrack, Rodos &  
17 Bacine as Co-Lead Counsel.

18 Moreover, Plaintiffs respectfully suggest since the above captioned actions all involve  
19 securities claims seeking damages for investment losses suffered by the Class, and involve many  
20 parties, this litigation clearly merits complex case designation within the meaning of California

21 *(...footnote continued)*

22 and *Stokes* actions also include defendants J.P. Morgan Securities LLC and Merrill Lynch,  
23 Pierce, Fenner & Smith Incorporated.

24 Additionally, even though the *Lieber* action erroneously named Allen & Facebook LLC,  
25 William Blair & Facebook, L.L.C., M.R. Beal & Facebook, Cowen And Facebook, LLC, Stifel,  
26 Nicolaus & Facebook, Samuel A. Ramirez & Facebook, Inc., and Cowen and Facebook, LLC in  
its caption, this appears to be simply a series of typographical errors. If these errors had not  
occurred, the *Lieber* action would have named the same defendants in its caption that were  
named in the other Related Actions.

27 <sup>4</sup> See Exhibits J, K and L to the Glancy Decl. filed concurrently herewith.

1 Rules of Court 3.400 and the Local Rules of the Superior Court of California, County of San  
2 Mateo, Rule 2.30.

3 **II. BACKGROUND**

4 Defendant Facebook operates as a worldwide social networking company. Plaintiffs are  
5 persons who acquired Facebook securities pursuant and/or traceable to the alleged false and  
6 misleading registration statement and prospectuses (collectively, the "Registration Statement")  
7 issued in connection with the Company's May 18, 2012, initial public offering (the "IPO" or the  
8 "Offering").<sup>5</sup> Plaintiffs allege that the Registration Statement issued in connection with the  
9 Offering contained materially false and misleading statements and omitted material information  
10 in violation of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the "Securities Act"),  
11 15 U.S.C. §§ 77k, 77l and 77o. Specifically, Plaintiffs allege that the Registration Statement  
12 failed to disclose, among other things, that during the IPO roadshow, the lead underwriters,  
13 including Defendants Morgan Stanley, J.P Morgan and Goldman Sachs, all cut their earnings  
14 forecasts and that news of the estimate cut was passed on only to a handful of large investor  
15 clients, not to the public. Therefore, the Registration Statement was negligently prepared and, as  
16 a result, contained untrue statements of material facts or omitted to state other facts necessary to  
17 make the statements made not misleading, and was not prepared in accordance with the rules and  
18 regulations governing their preparation.

19 **III. ARGUMENT**

20 **A. Consolidating All Related Actions Will Promote Judicial Economy**

21 Section 1048(a) of the *California Code of Civil Procedure* permits a court to consolidate  
22 actions pending before it when the identity of the issues and judicial economy so dictate:  
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24 <sup>5</sup> In the IPO, the Company offered 421,233,615 shares of common stock at an offering price of  
25 \$38.00 per share, of which 180,000,000 shares of Class A common stock were offered by the  
26 Company and 241,233,615 shares of Class A common stock were offered by existing  
27 stockholders. According to the Company, Facebook expects to receive net proceeds of  
28 approximately \$6,764,760,000 and selling stockholders expect to receive \$9,066,041,719 from  
the Offering, after deducting underwriting discounts, commissions and offering related  
transaction costs.

1  
2 When actions involving a common question of law or fact are pending before the  
3 court, it may order a joint hearing or trial of any or all the matters in issue in the  
4 actions; it may order all the actions consolidated and it may make such orders  
5 concerning proceedings therein as may tend to avoid unnecessary costs or delay.

6 As the Legislative Committee Comment to the 1971 Amendment to *California Code of*  
7 *Civil Procedure* §1048 states, that section was “revised to conform in substance to Rule 42 of the  
8 Federal Rules of Civil Procedure.”<sup>6</sup> Courts and commentators have noted the “purpose [of  
9 consolidation] is to enhance trial court efficiency (*i.e.*, to avoid unnecessary duplication of  
10 evidence and procedures); and to avoid the substantial danger of inconsistent adjudications (*i.e.*,  
11 differing results due to trial before different juries, or a judge and jury, etc.)” Robert I. Weil &  
12 Ira A. Brown, Jr., *California Practice Guide: Civil Procedure Before Trial*, §12.340, at 12(i)-55  
13 (TRG 2005). “Complex litigation should be assigned to one judge for all purposes. If such an  
14 assignment is not possible, a single judge should be assigned to hear law and motion matters and  
15 discovery matters.” *California Rules of Court*, Standards of Judicial Administration, Title 3,  
16 Standard 3.10(b).<sup>7</sup>

17 The decision to consolidate is well within the discretion of the trial court. *Fellner v.*  
18 *Steinbaum*, 132 Cal. App. 2d 509, 511 (1955). Consolidation is properly ordered when the cases  
19 should be heard together, and where prejudice will not result. *See* 4 Bernard E. Witkin,  
20 *California Procedure: Pleadings*, §310, at 404 (4th ed. 1997); *Jud Whitehead Heater Co. v.*  
21 *Obler*, 111 Cal. App. 2d 861, 867 (1952) (holding consolidation proper); *Peters v. Binnard*, 219  
22 Cal. 141, 149 (1933) (upholding order of consolidation). Under California’s Judicial Counsel  
23 guidelines, this Court is empowered to consolidate related actions. *See Deskbook on the*  
24 *Management of Complex Civil Litigation*, §2.03[2], at 2-7 (2007) (“[t]he judge to whom complex

25 <sup>6</sup> Consolidation pursuant to Rule 42(a) of the *Federal Rules of Civil Procedure* is proper when  
26 actions involve common questions of law and fact. *See In re Equity Funding Corp. of Am. Sec.*  
27 *Litig.*, 416 F. Supp. 161, 175 (C.D. Cal. 1976). Courts are granted broad discretion under that  
28 rule to consolidate cases. *See Investors Research Co. v. United States Dist. Ct. for Cent. Dist. of*  
*California*, 877 F.2d 777 (9th Cir. 1989).

<sup>7</sup> Formerly *California Rules of Court*, Appendix, Division I, §19.

1 litigation has been assigned should also attempt to ascertain whether related cases are pending in  
2 other departments of the same court.”).

3       Actions involving common questions of law and facts may be consolidated for trial or  
4 pretrial proceedings if this will avoid unnecessary cost or delay. *Id.* at §2.61[3](c), at 2-35.  
5 Here, the Related Actions allege the same wrongful conduct, contain substantially similar causes  
6 of action and common evidence predominates. Additionally, the Related Actions present  
7 virtually identical factual and legal issues and name substantially similar defendants.<sup>8</sup> Thus,  
8 there is a “common question of law or fact” meriting consolidation. Cal. Civ. Proc. Code  
9 §1048(a).

10       In sum, consolidating these Related Actions will serve judicial efficiency by preventing  
11 unnecessary duplication of effort, including briefing and arguing motions, initiating and  
12 conducting pretrial discovery, employing experts, arranging for support services and  
13 coordinating the massive task of evidence and document retention. *See Manual for Complex*  
14 *Litigation, Fourth (“MCL”), §20.* The interests of the parties are best served by the efficiency,  
15 consistency and economy achieved through consolidation.

16       **B. This Court Should Appoint a Leadership Structure for The Related Actions**

17       California Judicial Administration Standards state that in managing complex civil  
18 litigation, “judicial management should begin early and be applied continuously and actively[.]”  
19 *California Rules of Court, Standards of Judicial Administration, Title 3, Standard 3.10(a).*  
20 Among other things, judicial management of complex civil litigation should include appointing  
21 lead counsel, together with liaison counsel when necessary, which would avoid unnecessary and  
22 duplicative discovery. This type of structure would also facilitate the coordination of other  
23 pretrial matters. *Id.* at Standard 3.10(e). *See also Vermeulen v. Superior Court*, 204 Cal. App.  
24 3d 1192, 1196 (Ct. App. 1988) (“Complex litigation under standard 19 is designed to facilitate  
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27 <sup>8</sup> See fn. 3, *supra*.

1 pretrial resolution of evidentiary and other issues, and to minimize the time and expense of  
2 lengthy and/or multiple trials.”).

3 This Court has broad discretion in appointing Co-Lead Counsel. *See California Code of*  
4 *Civil Procedure* §§128(a), 187 (“any suitable process or mode of proceeding may be adopted  
5 which may appear most conformable to the spirit of this Code”); *Asbestos Claims Facility v.*  
6 *Berry & Berry*, 219 Cal. App. 3d 9, 20, 267 Cal. Rptr. 896 (Ct. App. 1990) (noting courts have  
7 held “in complex civil litigation, the trial court’s inherent power extends to the appointment of  
8 general or liaison or lead counsel”) (“*Asbestos*”); *Landis v. N. Am. Co.*, 299 U.S. 248, 254, 57 S.  
9 Ct. 163, 81 L. Ed. 153 (1936) (“the power inherent in every court to control the disposition of the  
10 causes on its docket with economy of time and effort for itself, for counsel, and for litigants”).

11 The utility in appointing a leadership structure in complex suits such as the instant action  
12 is well recognized. *See Asbestos*, 219 Cal. App. 3d at 20; *Vincent v. Hughes Air W., Inc.*, 557  
13 F.2d 759, 774 (9th Cir. 1977); *In re Bendectin Litig.*, 857 F.2d 290, 297 (6th Cir. 1988). As one  
14 court has stated:

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16 The benefits achieved by consolidation and the appointment of general counsel,  
17 *i.e.* elimination of duplication and repetition and in effect the creation of a  
18 coordinator of diffuse plaintiffs through whom motions and discovery  
proceedings will be channeled, will most certainly redound to the benefit of all  
parties to the litigation.

19 *Asbestos*, 219 Cal. App. 3d at 20 (quoting *MacAlister v. Guterma*, 263 F.2d 65, 69 (2d Cir.  
20 1958)).

21 The *MCL* also recognizes the benefits of specifically appointing Co-Lead Counsel in  
22 complex, multiparty litigation:

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24 Complex litigation often involves numerous parties with common or similar  
25 interests but separate counsel. Traditional procedures in which all papers and  
26 documents are served on all attorneys, and each attorney files motions, presents  
27 arguments, and conducts witness examinations, may result in waste of time and  
28 money, in confusion and indirection, and burden on the court unnecessarily.  
***Instituting special procedures for coordination of counsel early in the litigation,  
will help to avoid these problems.***

1 See MCL §10.22, at 24 (emphasis added).<sup>9</sup> *In re Air Crash Disaster at Florida Everglades on*  
2 *December 29, 1972*, 549 F.2d 1006, 1014 (5th Cir. 1977) (“It is not open to serious question that  
3 a ... court in a complex, consolidated case may designate one attorney or set of attorneys to  
4 handle pre-trial activity on aspects of the case where the interests of all co-parties coincide.”)  
5 (citation omitted).

6 California and numerous state and federal courts have accepted the use of lead and liaison  
7 counsel. See *Asbestos*, 219 Cal. App. 3d at 20. In accordance with California law and the  
8 promotion of judicial economy recognized in the *California Code of Civil Procedure*, the  
9 *California Rules of Court* and the MCL, this Court should appoint Glancy Binkow & Goldberg  
10 LLP, Johnson & Weaver, LLP and Barrack, Rodos & Bacine as Co- Lead Counsel to coordinate  
11 the efforts of Plaintiffs’ counsel, eliminate duplicative discovery and promote the efficient  
12 resolution of the Related Actions.

13 **C. The Court Should Approve the Proposed Leadership Structure**  
14 **and Enter the [Proposed] Order**

15 Proposed Co-Lead Counsel have acquired substantial expertise with the applicable law in  
16 the securities class action context and has the experience to manage this action effectively and  
17 efficiently, enabling it to maximize the result for Plaintiffs and the class. See Exhibits J, K and L  
18 to the Glancy Decl. Further, proposed Co-Lead Counsel’s experience in class action litigation  
19 generally qualifies the firms to manage this litigation as Co-Lead Counsel. *Id.* Proposed Co-  
20 Lead Counsel are currently sole Lead or Co-Lead Counsel in dozens of securities shareholder  
21 litigation pending throughout the United States in both state and federal courts and have  
22 recovered billions of dollars for shareholders of publicly traded companies. *Id.*

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26 <sup>9</sup> The MCL has been cited with approval by the California Appellate Court. See *Asbestos*, 219  
27 Cal. App. 3d at 21 (“the Manual contemplates and is intended to stimulate the use of innovative  
28 procedures by trial courts”) citing *In re Air Crash Disaster at Florida Everglades on December*  
*29, 1972*, 549 F.2d 1006, 1015 (“[the Manual] suggests that where appropriate the court should  
designate lead counsel”).



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**1. Glancy Binkow & Goldberg LLP**

For nearly 25 years, Glancy Binkow & Goldberg LLP has successfully prosecuted class action cases and complex litigation in federal and state courts throughout the country. Indicative of the firm's success, Glancy Binkow & Goldberg LLP has recovered billions of dollars for investors, consumers, and entities injured by corporate wrongdoing. Indeed, the Institutional Shareholder Services unit of RiskMetrics Group has recognized the Glancy Binkow & Goldberg LLP as one of the top plaintiffs' law firms in the United States in its Securities Class Action Services report for every year since the inception of the report in 2003.

Among notable recent securities class action cases, Glancy Binkow & Goldberg LLP served as co-lead or lead counsel in *In re Mercury Interactive Corp. Sec. Litig.*, Case No. 05-3395 (N.D. Cal.) (settlement valued at over \$117 million); *Schleicher v. Wendt*, Case No.02-1332 SEB (S.D. Ind.) (settlement of over \$41 million); *Lapin v. Goldman Sachs*, Case No. 03-0850-KJD (S.D.N.Y.) (settlement of \$29 million); *In re Heritage Bond Litig.*, Case Nos. 02-ML-1475-DT(RCX) (C.D. Cal.) (recovered in excess of \$28 million for defrauded investors). In *Heritage Bond*, former United States District Court Judge Dickran M. Tevrizian commented in regards to Glancy Binkow & Goldberg LLP that:

"The Court finds that the Settlement Fund . . . created by Class Counsel is an exceptional result. . . The settlement is significantly above the average securities class action settlement when measured as a percentage of losses recovered. . . The Court finds that Class Counsel, particularly Co-Lead Counsel, exerted tremendous effort on behalf of the class in the prosecution of this action. . . The Court finds that Class Counsel skillfully prosecuted this action, particularly given that this case was unusually complex relative to most securities fraud class actions."

*In re Heritage Bond Litig.*, Nos. 02-ML-1475-DT(RCX), 2005 WL 1594389 (C.D. Cal. June 10, 2005).

**2. Johnson & Weaver, LLP**

Johnson & Weaver, LLP has achieved excellent results in several shareholder class action lawsuits. See Johnson & Weaver, LLP Firm Resume, attached as Exhibit K to the Glancy Decl. In fact, because of its experience representing both shareholders and corporations, Johnson &

1 Weaver, LLP stands apart from other plaintiffs-side securities firms in this arena. Prior to  
2 forming his law firm, Mr. Johnson was a partner at Sheppard, Mullin, Richter & Hampton, LLP,  
3 a 500-lawyer international firm, where he represented publicly traded companies in defending  
4 representative actions. This prior experience carried over into his current practice. Mr. Johnson  
5 has been retained not only by shareholders but also by publicly-traded companies to pursue  
6 former directors for breaches of fiduciary duty in a number of matters.

7 For example, Johnson & Weaver, LLP was retained by the U.S. Chapter 7 Trustee of  
8 Artes Medical, Inc. in an action that was originally filed as a shareholder derivative action for  
9 breach of fiduciary duty against Artes' former officers and directors in San Diego Superior  
10 Court. *Gladstone v. Reinhard, et al.*, Case No. 37-2008-00091039-CU-NP-CTL (Cal. Super. Ct.  
11 – San Diego Cnty., filed Sept 4, 2008). After years of hard fought litigation on behalf of the  
12 estate in bankruptcy, Johnson & Weaver, LLP negotiated a multi-million dollar settlement,  
13 which the bankruptcy court approved on September 1, 2011. *Id.* In finding that “[t]here’s no  
14 question in my mind that this settlement is in the best interest of this estate,” the Honorable  
15 Laura S. Taylor stated that, “I want to compliment Mr. Johnson, and I want to compliment on the  
16 successful recovery for the estate. The creditors thank you, and I thank you.”

17 Based on this track record and the firm’s vigorousness in pursuing claims, several courts  
18 have recognized that Johnson & Weaver, LLP has the experience to handle complex securities  
19 fraud matters. In *Green Meadows Partners, LLP v. Tompkinson*, No. SACV 06-91 (C.D. Cal.),  
20 the Honorable Cormac Carney appointed Johnson & Weaver’s predecessor firm as lead counsel  
21 over competing lead counsel motions, in a case where seven complaints had been filed, noting  
22 that the firm is “exceptionally qualified and experienced.” Similarly, in *Dislevy v. Sacks*, No. ED  
23 CV 08-06788 (C.D. Cal.), the Honorable Stephen G. Larson was faced with competing motions  
24 for lead counsel over two shareholder cases. Judge Larson concluded that Johnson & Weaver,  
25 LLP’s predecessor firm has “tremendous attributes” and appointed Johnson & Weaver, LLP as  
26 lead counsel because “they have, in the Court’s view, more diligently pursued this particular  
27 prosecution.” More recently, on September 14, 2011, the Honorable Edward M. Chen appointed  
28 Johnson & Weaver, LLP lead counsel in *In re Oclaro, Inc. Derivative Litigation*, Lead Case No.

1 C-11-3176 EMC (N.D. Cal.) over a competing motion noting that “the Court is favorably  
2 impressed with [Johnson & Weaver’s] presentation and knowledge.”

3 **3. Barrack, Rodos & Bacine**

4 As illustrated by its firm biography, Barrack, Rodos & Bacine has successfully  
5 prosecuted as lead or co-lead counsel numerous securities class actions on behalf of injured  
6 investors, including several of the most significant class action securities cases in history.<sup>10</sup>  
7 Among many noteworthy cases, Barrack, Rodos & Bacine was co-lead counsel in *In re*  
8 *McKesson HBOC, Inc. Sec. Litig.*, 126 F. Supp. 2d 1248 (N.D. Cal. 2000) No. CV-99-20743  
9 RMW, before the Honorable Ronald M. Whyte, which ultimately settled for a total of \$1.0425  
10 billion from all defendants. Barrack served as co-lead counsel in *In re Cendant Corp. Sec. Litig.*,  
11 109 F. Supp. 2d 235 (D.N.J. 2000), before the Honorable William H. Walls, obtaining  
12 settlements from defendants totaling more than \$3.1 billion. Barrack, Rodos & Bacine also  
13 served as co-lead counsel in the *In re WorldCom, Inc. Sec. Litig.*, securing settlements totaling  
14 over \$6 billion. In *Worldcom*, the Honorable Denise Cote described the services provided by  
15 lead counsel as follows:

16  
17 The quality of representation given by Lead Counsel is unsurpassed in this Court’s  
18 experience with plaintiffs’ counsel in securities litigation. Lead Counsel has been  
19 energetic and creative. Its skill has matched that of able and well-funded defense  
20 counsel. It has behaved professionally and has taken care not to burden the Court  
21 or other parties with needless disputes. Its negotiations with the Citigroup  
22 Defendants have resulted in a settlement of historic proportions.

23 \* \* \*

24 In sum, the quality of representation that Lead Counsel has provided to the class  
25 has been superb .... Lead Counsel has performed a valuable public service in  
26 prosecuting this action with vigor and skill.

27 *In re WorldCom, Inc. Sec. Litig.*, No. 02 Civ. 3288 (DLC), 2004 U.S. Dist. LEXIS 22992, \*67-  
28 \*68, \*72-73 (S.D.N.Y. Nov. 12, 2004).

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27 <sup>10</sup> See Barrack, Rodos & Bacine Firm Resume, attached as Exhibit L to the Glancy Decl., at p.  
28 1-5.

1           Significantly, on January 16, 2008, immediately after the jury rendered its unanimous  
2 trial verdict in favor of the plaintiff class in the *In re Apollo Group, Inc. Sec. Litig.*, CV 04-2147-  
3 PHX-JAT (D. Ariz.), in which Barrack, Rodos & Bacine served as Lead Counsel and ultimately  
4 recovered \$145 million for eligible class members, the Honorable James A. Teilborg noted  
5 counsel's "professionalism and the civility ... and the integrity that you have all demonstrated  
6 and exuded throughout the handling of this case, it has just, I think, been very, very refreshing  
7 and rewarding to see that." Barrack, Rodos & Bacine Firm Resume, attached as Exhibit L to the  
8 Glancy Decl., at p. 25. Judge Teilborg further commented that trial counsel "brought to this  
9 courtroom just extraordinary talent and preparation. . . . The arguments that have been made in  
10 every instance have been well-prepared and well-presented throughout the case. ... [W]hat I  
11 have seen has just been truly exemplary." *Id.* Thereafter, on April 20, 2012, Judge Teilborg  
12 noted that "Class Counsel achieved an exceptional result for the Class," adding that "such a  
13 result is unique in such securities cases and could not have been achieved without Class  
14 Counsel's willingness to pursue this risky case throughout trial and beyond." *Id.*

15                           **4.       Glancy Binkow & Goldberg LLP, Johnson & Weaver, LLP and**  
16                           **Barrack, Rodos & Bacine Should Be Appointed Co-Lead Counsel**

17           The firms' resources, together with the firms' experience, support the appointment of  
18 proposed Co-Lead Counsel. *Id.* Appointing Glancy Binkow & Goldberg LLP, Johnson &  
19 Weaver, LLP and Barrack, Rodos & Bacine as Co-Lead Counsel will also minimize costs in the  
20 litigation, and will enable the efficient prosecution of this litigation with a minimum of  
21 duplication.

22           In the interests of judicial economy, proposed Co-Lead Counsel respectfully submit that  
23 it is both appropriate and important that the above actions, and all later filed related actions, be  
24 promptly consolidated and that a leadership structure be established so that Plaintiffs can  
25 efficiently oppose or otherwise handle any potential motions to stay, or, in the event of removal,  
26 efficiently seek and achieve remand *via* a single, unified position and briefing. *Contra Young v.*  
27 *Pac. Biosciences of Cal., Inc.*, 5:11-CV-05668 EJD, 2012 WL 851509 (N.D. Cal. Mar. 13, 2012)

1 (addressing plaintiffs' separately briefed motions to remand together). Such a unified approach  
2 would avoid the need for numerous, duplicative and competing filings by the various plaintiffs.

3 If appointed Co-Lead Counsel, Glancy Binkow & Goldberg LLP, Johnson & Weaver,  
4 LLP and Barrack, Rodos & Bacine will be in a position to prosecute the case expeditiously and  
5 effectively on behalf of *all* members of the putative class.

6 **D. The Court Should Designate the Related Actions Complex**

7 Plaintiffs respectfully suggest that since the above captioned actions all involve securities  
8 claims seeking damages for investment losses suffered by the Class, and involve numerous  
9 parties, they clearly merit complex case designation within the meaning of California Rules of  
10 Court 3.400 and the Local Rules of the Superior Court of California, County of San Mateo, Rule  
11 2.30. Indeed, the following factors supporting this determination apply under Local Rule 2.30  
12 C(1)-(7), because:

- 13 1) the action requires the management of a large number of separately represented  
14 parties;
- 15 2) the facts and legal issues are highly complex;
- 16 3) there shall likely be a number of pre-trial motions that will take time to resolve;
- 17 4) a large amount of documentary evidence will need to be discovered, obtained and  
18 managed, and potentially a vast number of witnesses;
- 19 5) it may become necessary to eventually coordinate discovery in this state court  
20 action with related cases pending in federal courts in California and/or New York;
- 21 6) class certification of the putative investor class shall be pursued; and
- 22 7) there will be a need for post-judgment supervision.

23 California Rules of Court Rule 3.400 (a) provides for the designation of complex cases in  
24 order to, *inter alia*, "expedite the case, keep costs reasonable, and promote effective decision  
25 making by the court, the parties and counsel." One of the key factors to consider in determining  
26 whether a case should be designated as being complex is whether the case will involve  
27 "[m]anagement of a large number of separately represented parties." Cal. R. Ct. 3.400 (b)(3).

28

1 Assigning this complex securities case to the Honorable Marie Weimer, Complex Case  
2 Judge, for all purposes, along with consolidating the actions and appointing the leadership  
3 structure of plaintiffs' counsel as proposed, shall accomplish the goal of efficient case  
4 management as contemplated by the Rules of Court.

5 **IV. CONCLUSION**

6 In the interests of judicial economy and for the reasons set forth above, Plaintiffs  
7 respectfully request that the Court enter the [Proposed] Order filed concurrently herewith  
8 consolidating the Related Actions, and all subsequently filed related actions into the low-  
9 numbered action, appointing Glancy Binkow & Goldberg LLP, Johnson & Weaver, LLP and  
10 Barrack, Rodos & Bacine as Co- Lead Counsel.

11 Dated: June \_\_, 2012

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12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 FOR THE COUNTY OF SAN MATEO

14 DARRYL LAZAR, Individually and On Behalf  
15 of All Others Similarly Situated,

16 Plaintiff,

17 v.

18 FACEBOOK, INC., MARK ZUCKERBERG,  
19 DAVID A. EBERSMAN, DAVID M.  
20 SPILLANE, MARC L. ANDREESSEN,  
21 ERSKINE B. BOWLES, JAMES W. BREYER,  
22 DONALD E. GRAHAM, REED HASTINGS,  
23 PETER A. THIEL, MORGAN STANLEY &  
24 CO. LLC, J.P. MORGAN SECURITIES LLC,  
25 GOLDMAN, SACHS & CO., MERRILL  
26 LYNCH, PIERCE, FENNER & SMITH  
27 INCORPORATED, BARCLAYS CAPITAL  
28 INC., ALLEN & COMPANY LLC,  
CITIGROUP GLOBAL MARKETS INC.,  
CREDIT SUISSE SECURITIES (USA) LLC,  
DEUTSCHE BANK SECURITIES INC., RBC  
CAPITAL MARKETS, LLC, BLAYLOCK  
ROBERT VAN LLC, BMO CAPITAL  
MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA CAPITAL  
MARKETS, LLC, CASTLEOAK  
SECURITIES, L.P., COWEN AND  
COMPANY, LLC., E\*TRADE SECURITIES  
LLC, ITAÚ BBA USA SECURITIES, INC.,  
LAZARD CAPITAL MARKETS LLC,  
LEBENTHAL & CO., LLC, LOOP CAPITAL  
MARKETS LLC, M.R. BEAL & COMPANY,  
MACQUARIE CAPITAL (USA) INC.,

Case No. CIV514065

CLASS ACTION

Date: TBD  
Time: TBD  
Dept: TBD

1 MURIEL SIEBERT & CO., INC.,  
2 OPPENHEIMER & CO. INC., PACIFIC  
3 CREST SECURITIES LLC, PIPER JAFFRAY  
4 & CO., RAYMOND JAMES & ASSOCIATES,  
5 INC., SAMUEL A. RAMIREZ & COMPANY,  
6 INC., STIFEL, NICOLAUS & COMPANY,  
7 INCORPORATED, THE WILLIAMS  
8 CAPITAL GROUP, L.P., and WILLIAM  
9 BLAIR & COMPANY, L.L.C.,

10  
11 **Defendants.**

12 JENNIFER STOKES , Individually and On  
13 Behalf of All Others Similarly Situated,

14  
15 **Plaintiff,**

16  
17 **v.**

18 FACEBOOK, INC., MARK ZUCKERBERG,  
19 DAVID A. EBERSMAN, DAVID M.  
20 SPILLANE, MARC L. ANDREESSEN,  
21 ERSKINE B. BOWLES, JAMES W. BREYER,  
22 DONALD E. GRAHAM, REED HASTINGS,  
23 PETER A. THIEL, MORGAN STANLEY & CO.  
24 LLC, J.P. MORGAN SECURITIES LLC,  
25 GOLDMAN, SACHS & CO., MERRILL  
26 LYNCH, PIERCE, FENNER & SMITH  
27 INCORPORATED, BARCLAYS CAPITAL  
28 INC., ALLEN & COMPANY LLC, CITIGROUP  
GLOBAL MARKETS INC., CREDIT SUISSE  
SECURITIES (USA) LLC, DEUTSCHE BANK  
SECURITIES INC., RBC CAPITAL MARKETS,  
LLC, BLAYLOCK ROBERT VAN LLC, BMO  
CAPITAL MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA CAPITAL  
MARKETS, LLC, CASTLEOAK SECURITIES,  
L.P., COWEN AND COMPANY, LLC.,  
E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
SECURITIES, INC., LAZARD CAPITAL  
MARKETS LLC, LEBENTHAL & CO., LLC,  
LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL

Case No. CIV514107  
Date Filed: May 23, 2012

1 GROUP, L.P., and WILLIAM BLAIR &  
2 COMPANY, L.L.C.,

3 Defendants.

4 MATTHEW PILGRAM, Individually and On  
5 Behalf of All Others Similarly Situated,

6 Plaintiff,

7 v.

8 FACEBOOK, INC., MARK ZUCKERBERG,  
9 DAVID A. EBERSMAN, DAVID M.  
10 SPILLANE, MARC L. ANDREESSEN,  
11 ERSKINE B. BOWLES, JAMES W. BREYER,  
12 DONALD E. GRAHAM, REED HASTINGS,  
13 PETER A. THIEL, MORGAN STANLEY & CO.  
14 LLC, BARCLAYS CAPITAL INC., ALLEN &  
15 COMPANY LLC, CITIGROUP GLOBAL  
16 MARKETS INC., CREDIT SUISSE  
17 SECURITIES (USA) LLC, DEUTSCHE BANK  
18 SECURITIES INC., RBC CAPITAL MARKETS,  
19 LLC, BLAYLOCK ROBERT VAN LLC, BMO  
20 CAPITAL MARKETS CORP., C.L. KING &  
21 ASSOCIATES, INC., CABRERA CAPITAL  
22 MARKETS, LLC, CASTLEOAK SECURITIES,  
23 L.P., COWEN AND COMPANY, LLC.,  
24 E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
25 SECURITIES, INC., LAZARD CAPITAL  
26 MARKETS LLC, LEBENTHAL & CO., LLC,  
27 LOOP CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL (USA)  
28 INC., MURIEL SIEBERT & CO., INC.,  
OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

26 Defendants.

Case No. CIV514111  
Date Filed: May 23, 2012

1 VERNON R. DeMOIS JR., Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff

Case No. CIV514163  
Date Filed: May 25, 2012

2  
3 v.

4 FACEBOOK, INC., MARK ZUCKERBERG,  
DAVID A. EBERSMAN, DAVID M. SPILLANE,  
5 MARC L. ANDREESSEN, ERSKINE B.  
BOWLES, JAMES W. BREYER, DONALD E.  
6 GRAHAM, REED HASTINGS, PETER A.  
THIEL, AND MORGAN STANLEY & CO. LLC.

7  
8 Defendants.

9  
10 ELBITA ALFONSO, Individually and on Behalf  
11 of All Others Similarly Situated,

Plaintiff

Case No. CIV514171  
Date Filed: May 25, 2012

12  
13 v.

14 FACEBOOK, INC., MARK ZUCKERBERG,  
DAVID A. EBERSMAN, DAVID M. SPILLANE,  
15 MARC L. ANDREESSEN, ERSKINE B.  
BOWLES, JAMES W. BREYER, DONALD E.  
16 GRAHAM, REED HASTINGS, PETER A.  
THIEL, MORGAN STANLEY & CO. LLC, J.P.  
17 MORGAN SECURITIES LLC, GOLDMAN,  
SACHS & CO., MERRILL LYNCH, PIERCE,  
18 FENNER & SMITH INCORPORATED,  
BARCLAYS CAPITAL INC., ALLEN &  
19 COMPANY LLC, CITIGROUP GLOBAL  
MARKETS INC.C, REDIT SUISSE  
20 SECURITIES (USA) LLC, DEUTSCHE BANK  
SECURITIES INC., RBC CAPITAL MARKETS,  
21 LLC, and WELLS FARGO SECURITIES, LLC,

22 Defendants.

1 EDWARD J. SHIERRY, Individually and On  
2 Behalf of All Others Similarly Situated,

3  
4 Plaintiff,

5 v.

6 FACEBOOK, INC., MARK ZUCKERBERG,  
7 DAVID E. EBERSMAN, DAVID M.  
8 SPILLANE, MARC L. ANDREESSEN,  
9 ERSKINE B. BOWLES, JAMES W. BREYER,  
10 DONALD E. GRAHAM, REED HASTINGS,  
11 PETER A. THIEL, MORGAN STANLEY & CO.  
12 LLC, GOLDMAN, SACHS & CO.,  
13 BARCLAYS CAPITAL INC., ALLEN &  
14 COMPANY LLC, CITIGROUP GLOBAL  
15 MARKETS INC., CREDIT SUISSE  
16 SECURITIES (USA) LLC, DEUTSCHE  
17 BANK SECURITIES INC., RBC CAPITAL  
18 MARKETS, LLC, BLAYLOCK  
19 ROBERT VAN LLC, BMO CAPITAL  
20 MARKETS CORP., C.L. KING &  
21 ASSOCIATES, INC., CABRERA CAPITAL  
22 MARKETS, LLC, CASTLEOAK SECURITIES,  
23 L.P., COWEN AND COMPANY, LLC.,  
24 E\*TRADE SECURITIES, LLC, ITAU  
25 BBA USA SECURITIES, INC., LAZARD  
26 CAPITAL MARKETS LLC, LEBENTHAL &  
27 CO., LLC, LOOP CAPITAL MARKETS LLC,  
28 M.R. BEAL & COMPANY, MACQUARIE  
CAPITAL(USA) INC., MURIEL SIEBERT &  
CO., INC., OPPENHEIMER & CO. INC.,  
PACIFIC CREST SECURITIES LLC,  
PIPER JAFFRA Y & CO., RAYMOND JAMES  
& ASSOCIATES, INC., SAMUEL  
A. RAMIREZ & COMPANY, INC., STIFEL,  
NICOLAUS & COMPANY, INCORPORATED,  
THE WILLIAMS CAPITAL GROUP, L.P., and  
WILLIAM BLAIR & COMPANY, L.L.C.,

Defendants.

25 MICHAEL LIEBER, Individually and On Behalf  
26 of All Others Similarly Situated,

27 Plaintiff,

28 v.

Case No. CIV514172

Date Filed: May 25, 2012

Case No. CIV514193.

Date Filed: May 29, 2012

1 FACEBOOK INC.; MARK  
2 ZUCKERBURG; DONALD E. GRAHAM;  
3 DAVID A. EBERSMAN; JAMES W.  
4 BREYER; DAVID M. SPILLANE; PETER  
5 A. THIEL; MARC L. ANDREESSEN;  
6 REED HASTINGS; ERSKINE B. BOWLES;  
7 MORGAN STANLEY & CO.  
8 LLC; J.P. MORGAN SECURITIES LLC;  
9 GOLDMAN, SACHS & CO.; MERRILL  
10 LYNCH; E \*TRADE SECURITIES LLC;  
11 OPPENHEIMER & CO., INC.;

12 BARCLAYS CAPITAL INC.;

13 CITIGROUP GLOBAL MARKETS INC.;

14 CREDIT SUISSE SECURITIES (USA)  
15 LLC; PIERCE, FENNER & SMITH  
16 INCORPORATED; ALLEN &  
17 FACEBOOK LLC; DEUTSCHE BANK  
18 SECURITIES INC.; RBC CAPITAL  
19 MARKETS, LLC; MURIEL SIEBERT & CO.,  
20 INC.; CABRERA CAPITAL  
21 MARKETS, LLC; BMO CAPITAL  
22 MARKETS CORP.; CASTLEOAK  
23 SECURITIES, LP.; LAZARD CAPITAL  
24 MARKETS LLC; PACIFIC CREST  
25 SECURITIES LLC; LOOP CAPITAL  
26 MARKETS LLC; ITAU BBA USA  
27 SECURITIES, INC.; WILLIAM BLAIR &  
28 FACEBOOK, L.L.C.; BLAYLOCK  
ROBERT VAN LLC; LEBENTHAL & CO.  
LLC; M.R. BEAL & FACEBOOK;  
MACQUARIE CAPITAL (USA) INC.;

PIPER JAFFRAY & CO.; COWEN AND  
FACEBOOK, LLC; RAYMOND JAMES  
ASSOCIATES, INC.; STIFEL,  
NICOLAUS & FACEBOOK,  
INCORPORATED; C.L. KING &  
ASSOCIATES, INC.; SAMUEL A.  
RAMIREZ & FACEBOOK, INC.; COWEN  
AND FACEBOOK, LLC; THE WILLIAMS  
CAPITAL GROUP, LP; and Does 1  
through 100, inclusive,

Defendants.

KAREN CUKER and BRIAN GRALNICK,  
Individually and On Behalf of All Others  
Similarly Situated,

Plaintiffs,

Case No. CIV514238  
Date Filed: May 30, 2012

1 v.

2 FACEBOOK, INC., MARK ZUCKERBERG,  
3 DAVID A. EBERSMAN, DAVID M.  
4 SPILLANE, MARC L. ANDREESSEN,  
5 ERSKINE B. BOWLES, JAMES W. BREYER,  
6 DONALD E. GRAHAM, REED HASTINGS,  
7 PETER A. THIEL, MORGAN STANLEY & CO.  
8 LLC, J.P. MORGAN SECURITIES LLC,  
9 GOLDMAN, SACHS & CO., MERRILL  
10 LYNCH, PIERCE, FENNER & SMITH  
11 INCORPORATED, BARCLAYS CAPITAL  
12 INC., ALLEN & COMPANY LLC, CITIGROUP  
13 GLOBAL MARKETS INC., CREDIT SUISSE  
14 SECURITIES (USA) LLC, DEUTSCHE BANK  
15 SECURITIES INC., RBC CAPITAL MARKETS,  
16 LLC, WELLS FARGO SECURITIES, LLC,  
17 BLAYLOCK ROBERT VAN LLC, BMO  
18 CAPITAL MARKETS CORP., C.L. KING &  
19 ASSOCIATES, INC., CABRERA CAPITAL  
20 MARKETS, LLC, CASTLEOAK SECURITIES,  
21 L.P., COWEN AND COMPANY, LLC.,  
22 E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
23 SECURITIES, INC., LAZARD CAPITAL  
24 MARKETS LLC, LEBENTHAL & CO., LLC,  
25 LOOP CAPITAL MARKETS LLC, M.R. BEAL  
26 & COMPANY, MACQUARIE CAPITAL (USA)  
27 INC., MURIEL SIEBERT & CO., INC.,  
28 OPPENHEIMER & CO. INC., PACIFIC CREST  
SECURITIES LLC, PIPER JAFFRAY & CO.,  
RAYMOND JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY, INC.,  
STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

HARVEY LAPIN, Individually and On Behalf of  
All Others Similarly Situated,

Plaintiff,

Case No. CIV514240  
Date Filed: May 30, 2012

26 v.

27 FACEBOOK, INC., MARK ZUCKERBERG,  
28 DAVID A. EBERSMAN, DAVID M.  
SPILLANE, MARC L. ANDREESSEN,

1 ERSKINE B. BOWLES, JAMES W. BREYER,  
2 DONALD E. GRAHAM, REED HASTINGS,  
3 PETER A. THIEL, MORGAN STANLEY & CO.  
4 LLC, J.P. MORGAN SECURITIES LLC,  
5 GOLDMAN, SACHS & CO., MERRILL  
6 LYNCH, PIERCE, FENNER & SMITH  
7 INCORPORATED, BARCLAYS CAPITAL  
8 INC., ALLEN & COMPANY LLC, CITIGROUP  
9 GLOBAL MARKETS INC., CREDIT SUISSE  
10 SECURITIES (USA) LLC, DEUTSCHE BANK  
11 SECURITIES INC., RBC CAPITAL MARKETS,  
12 LLC, BLAYLOCK ROBERT VAN LLC, BMO  
13 CAPITAL MARKETS CORP., C.L. KING &  
14 ASSOCIATES, INC., CABRERA CAPITAL  
15 MARKETS, LLC, CASTLEOAK SECURITIES,  
16 L.P., COWEN AND COMPANY, LLC.,  
17 E\*TRADE SECURITIES LLC, ITAÚ BBA USA  
18 SECURITIES, INC., LAZARD CAPITAL  
19 MARKETS LLC, LEBENTHAL & CO., LLC,  
20 LOOP CAPITAL MARKETS LLC, M.R. BEAL  
21 & COMPANY, MACQUARIE CAPITAL (USA)  
22 INC., MURIEL SIEBERT & CO., INC.,  
23 OPPENHEIMER & CO. INC., PACIFIC CREST  
24 SECURITIES LLC, PIPER JAFFRAY & CO.,  
25 RAYMOND JAMES & ASSOCIATES, INC.,  
26 SAMUEL A. RAMIREZ & COMPANY, INC.,  
27 STIFEL, NICOLAUS & COMPANY,  
28 INCORPORATED, THE WILLIAMS CAPITAL  
GROUP, L.P., and WILLIAM BLAIR &  
COMPANY, L.L.C.,

Defendants.

**DECLARATION OF LIONEL Z. GLANCY IN SUPPORT OF PLAINTIFFS' MOTION  
TO CONSOLIDATE ALL RELATED ACTIONS AND APPOINT CO-LEAD COUNSEL**

DECLARATION OF LIONEL Z. GLANCY



1 I, LIONEL Z. GLANCY, declare as follows:

2 1. I am an attorney duly licensed to practice before all of the courts of the State of  
3 California. I am a partner with the law firm of Glancy Binkow & Goldberg LLP, one of the  
4 counsel of record for Plaintiffs in the above-captioned actions. I have personal knowledge of the  
5 matters stated herein and, if called upon, I could and would competently testify thereto.

6 2. Attached hereto are true and correct copies of the following exhibits:

7 Exhibit A: Complaint in *Darryl Lazar v. Facebook, Inc. et al.*, Case No. CIV514065  
8 (filed on May 22, 2012);

9 Exhibit B: Complaint in *Matthew Pilgrim v. Facebook, Inc. et al.*, Case No.  
10 CIV514111 (filed on May 23, 2012);

11 Exhibit C: Complaint in *Jennifer Stokes v. Facebook, Inc. et al.*, Case No.  
12 CIV514107 (filed on May 23, 2012);

13 Exhibit D: Complaint in *Vernon R. DeMois, Jr., v. Facebook, Inc., et al.*, Case No.  
14 CIV514163, (filed on May 25, 2012);

15 Exhibit E: Complaint in *Elbita Alfonso, v. Facebook, Inc., et al.*, Case No.  
16 CIV514171 (filed on May 25, 2012);

17 Exhibit F: Complaint in *Edward J. Shierry, v. Facebook, Inc., et al.*, Case No.  
18 CIV514172 (filed on May 25, 2012);

19 Exhibit G: Complaint in *Michael Lieber v. Facebook, Inc., et al.*, Case No.  
20 CIV514193 (filed on May 29, 2012);

21 Exhibit H: Complaint in *Karen Cuker and Brian Gralnick v. Facebook, Inc., et al.*,  
22 Case No. CIV514238 (filed on May 30, 2012);

23 Exhibit I: Complaint in *Harvey Lapin v. Facebook, Inc., et al.*, Case No. CIV514240  
(filed on May 30, 2012).

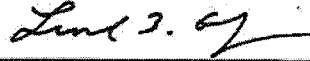
24 Exhibit J: Firm Resume of Glancy Binkow & Goldberg LLP;

25 Exhibit K: Firm Resume of Johnson & Weaver, LLP; and

26 Exhibit L: Firm Resume of Barrack, Rodos & Bacine.  
27  
28

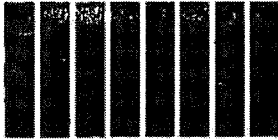
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 6th day of June, 2012, at Los Angeles, California.



---

LIONEL Z. GLANCY



EXHIBIT

A



EXHIBIT

**ENDORSED FILED  
SAN MATEO COUNTY**

MAY 22 2012

Clerk of the Court  
By ~~CLERK~~  
DEPUTY CLERK

1 LIONEL Z. GLANCY (#134180)  
2 MICHAEL GOLDBERG (#188669)  
3 ROBERT V. PRONGAY (#270796)  
4 CASEY E. SADLER (#274241)  
5 GLANCY BINKOW & GOLDBERG LLP  
6 1925 Century Park East, Suite 2100  
7 Los Angeles, California 90067  
8 Telephone: (310) 201-9150  
9 Facsimile: (310) 201-9160  
10 Email: [info@glancylaw.com](mailto:info@glancylaw.com)

11 *Attorneys for Plaintiff Darryl Lazar*

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 FOR THE COUNTY OF SAN MATEO

14 DARRYL LAZAR, Individually and On  
15 Behalf of All Others Similarly Situated,

16 Plaintiff,

17 v.

18 FACEBOOK, INC., MARK  
19 ZUCKERBERG, DAVID A. EBERSMAN,  
20 DAVID M. SPILLANE, MARC L.  
21 ANDREESSEN, ERSKINE B. BOWLES,  
22 JAMES W. BREYER, DONALD E.  
23 GRAHAM, REED HASTINGS, PETER A.  
24 THIEL, MORGAN STANLEY & CO.  
25 LLC, J.P. MORGAN SECURITIES LLC,  
26 GOLDMAN, SACHS & CO., MERRILL  
27 LYNCH, PIERCE, FENNER & SMITH  
28 INCORPORATED, BARCLAYS  
CAPITAL INC., ALLEN & COMPANY  
LLC, CITIGROUP GLOBAL MARKETS  
INC., CREDIT SUISSE SECURITIES  
(USA) LLC, DEUTSCHE BANK  
SECURITIES INC., RBC CAPITAL  
MARKETS, LLC, BLAYLOCK ROBERT  
VAN LLC, BMO CAPITAL MARKETS  
CORP., C.L. KING & ASSOCIATES,  
INC., CABRERA CAPITAL MARKETS,  
LLC, CASTLEOAK SECURITIES, L.P.,  
COWEN AND COMPANY, LLC.,

Case No.

CIV 514065

CLASS ACTION

COMPLAINT

DEMAND FOR JURY TRIAL

COMPLAINT

FILED BY FAX

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E\*TRADE SECURITIES LLC, ITAÚ  
BBA USA SECURITIES, INC., LAZARD  
CAPITAL MARKETS LLC,  
LEBENTHAL & CO., LLC, LOOP  
CAPITAL MARKETS LLC, M.R. BEAL  
& COMPANY, MACQUARIE CAPITAL  
(USA) INC., MURIEL SIEBERT & CO.,  
INC., OPPENHEIMER & CO. INC.,  
PACIFIC CREST SECURITIES LLC,  
PIPER JAFFRAY & CO., RAYMOND  
JAMES & ASSOCIATES, INC.,  
SAMUEL A. RAMIREZ & COMPANY,  
INC., STIFEL, NICOLAUS &  
COMPANY, INCORPORATED, THE  
WILLIAMS CAPITAL GROUP, L.P., and  
WILLIAM BLAIR & COMPANY, L.L.C.,

Defendants.

1 Plaintiff Darryl Lazar ("Plaintiff"), by and through his attorneys, alleges the following  
2 upon information and belief, except as to those allegations concerning Plaintiff, which are  
3 alleged upon personal knowledge. Plaintiff's information and belief is based upon, among  
4 other things, his counsel's investigation, which includes without limitation: (a) review and  
5 analysis of regulatory filings made by Facebook, Inc. ("Facebook" or the "Company") with the  
6 United States Securities and Exchange Commission ("SEC"); (b) review and analysis of press  
7 releases and media reports issued by and disseminated by Facebook; and (c) review of other  
8 publicly available information concerning Facebook.  
9

#### 10 NATURE AND SUMMARY OF THE ACTION

11 1. This is a class action on behalf of persons and/or entities who purchased or  
12 otherwise acquired the common stock of Facebook pursuant and/or traceable to the Company's  
13 initial public offering (the "IPO" or the "Offering").  
14

15 2. Facebook operates as a social networking company worldwide.  
16

17 3. The claims in this action arise from the materially false and/or misleading  
18 Registration Statement and Prospectus issued in connection with the Offering. In the IPO, the  
19 Company offered for sale 421,233,615 shares of common stock at a price of \$38.00 per share, of  
20 which 180,000,000 shares of Class A common were offered by the Company and 241,233,615  
21 shares of Class A common stock were offered by existing stockholders. According to the  
22 Company, Facebook expects to receive net proceeds of approximately \$6,764,760,000 and  
23 selling stockholders expect to receive \$9,066,041,719 from the Offering, after deducting  
24 underwriting discounts, commissions and offering related transaction costs.  
25

26 4. As detailed below, the Registration Statement and Prospectus contained  
27 materially false and misleading statements and omitted material information in violation of  
28

1 Sections 11 and 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§ 77k and  
2 77o.

### 3 JURISDICTION AND VENUE

4 5. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the  
5 Securities Act (15 U.S.C. §§ 77k and 77o). This Court has jurisdiction over the subject matter of  
6 this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v, which explicitly states  
7 that "[e]xcept as provided in section 16(c), no case arising under this title and brought *in any*  
8 *State court* of competent jurisdiction shall be removed to any court in the United States."  
9 Section 16(c) of the Securities Act refers to "covered class actions," which are defined as  
10 lawsuits brought as class actions or brought on behalf of more than 50 persons asserting claims  
11 *under state or common law*. This is an action asserting federal law claims. Thus, it does not fall  
12 within the definition of a "covered class action" under §16c) and therefore is not removable to  
13 federal court under the Securities Litigation Uniform Standards Act of 1998.

14 16. Each Defendant has sufficient contacts with California, or otherwise purposefully  
15 avails itself of benefits from California or has property in California so as to render the exercise  
16 of jurisdiction over each by the California courts consistent with traditional notions of fair play  
17 and substantial justice.

18 7. The amount in controversy exceeds the jurisdictional minimum of this Court, and  
19 the total amount of damages sought exceeds \$25,000.

20 8. Venue is proper in this Court pursuant to Section 22 of the Securities Act, 15  
21 U.S.C. § 77v. Defendant Facebook's principal executive offices are located within this County,  
22 the individual defendants conduct business in this County, and many of the acts and transactions  
23 alleged herein, including the preparation and dissemination of materially false and/or misleading  
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1 information, occurred in substantial part in this County.

2 **PARTIES**

3 9. Plaintiff Darryl Lazar purchased Facebook securities pursuant and/or traceable to  
4 the Registration Statement issued in connection with the Company's IPO and has been damaged  
5 thereby.

6  
7 10. Defendant Facebook is a Delaware corporation with its principal executive offices  
8 located at 1601 Willow Road, Menlo Park, California 94025.

9 11. Defendant Mark Zuckerberg ("Zuckerberg") was, at all relevant times, Chairman  
10 and Chief Executive Officer ("CEO") of Facebook and signed or authorized the signing of the  
11 Company's Registration Statement filed with the SEC.

12  
13 12. Defendant David A. Ebersman ("Ebersman") was, at all relevant times Chief  
14 Financial Officer ("CFO") of Facebook and signed or authorized the signing of the Company's  
15 Registration Statement filed with the SEC.

16  
17 13. Defendant David M. Spillane ("Spillane") was, at all relevant times, Director of  
18 Accounting for Facebook and signed or authorized the signing of the Company's Registration  
19 Statement filed with the SEC.

20  
21 14. Defendant Marc L. Andreessen ("Andreessen") was, at all relevant times, a  
22 director of Facebook and signed or authorized the signing of the Company's Registration  
23 Statement filed with the SEC.

24  
25 15. Defendant Erskine B. Bowles ("Bowles") was, at all relevant times, a director of  
26 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
27 with the SEC.

28 16. Defendant James W. Breyer ("Breyer") was, at all relevant times, a director of



1 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
2 with the SEC.

3 17. Defendant Donald E. Graham ("Graham") was, at all relevant times, a director of  
4 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
5 with the SEC.

6 18. Defendant Reed Hastings ("Hastings") was, at all relevant times, a director of  
7 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
8 with the SEC.

9 19. Defendant Peter A. Thiel ("Thiel") was, at all relevant times, a director of  
10 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
11 with the SEC.  
12

13 20. Defendants Zuckerberg, Ebersman, Spillane, Andreessen, Bowles, Breyer,  
14 Graham, Hastings and Thiel, are collectively referred to hereinafter as the "Individual  
15 Defendants."  
16

17 21. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") served as an  
18 underwriter to Facebook in connection with the Offering.  
19

20 22. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") served as an underwriter  
21 to Facebook in connection with the Offering.  
22

23 23. Defendant Goldman, Sachs & Co. ("Goldman Sachs") served as an underwriter to  
24 Facebook in connection with the Offering.

25 24. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch")  
26 served as an underwriter to Facebook in connection with the Offering.

27 25. Defendant Barclays Capital Inc. ("Barclays") served as an underwriter to  
28

1 Facebook in connection with the Offering.

2 26. Defendant Allen & Company LLC ("Allen") served as an underwriter to  
3 Facebook in connection with the Offering.

4 27. Defendant Citigroup Global Markets Inc. ("Citi") served as an underwriter to  
5 Facebook in connection with the Offering.

6 28. Defendant Credit Suisse Securities (USA) LLC ("Credit Suisse") served as an  
7 underwriter to Facebook in connection with the Offering.

8 29. Defendant Deutsche Bank Securities Inc. ("Deutsche") served as an underwriter  
9 to Facebook in connection with the Offering.

10 30. Defendant RBC Capital Markets, LLC ("RBC") served as an underwriter to  
11 Facebook in connection with the Offering.

12 31. Defendant Blaylock Robert Van LLC ("Blaylock") served as an underwriter to  
13 Facebook in connection with the Offering.

14 32. Defendant BMO Capital Markets Corp. ("BMO") served as an underwriter to  
15 Facebook in connection with the Offering.

16 33. Defendant C.L. King & Associates, Inc. ("C.L. King") served as an underwriter to  
17 Facebook in connection with the Offering.

18 34. Defendant Cabrera Capital Markets, LLC ("Cabrera") served as an underwriter to  
19 Facebook in connection with the Offering.

20 35. Defendant CastleOak Securities, L.P. ("CastleOak") served as an underwriter to  
21 Facebook in connection with the Offering.

22 36. Defendant Cowen and Company, LLC. ("Cowen") served as an underwriter to  
23 Facebook in connection with the Offering.

1           37. Defendant E\*TRADE Securities LLC ("E\*TRADE") served as an underwriter to  
2 Facebook in connection with the Offering.

3           38. Defendant Itaú BBA USA Securities, Inc. ("Itaú") served as an underwriter to  
4 Facebook in connection with the Offering.

5           39. Defendant Lazard Capital Markets LLC ("Lazard") served as an underwriter to  
6 Facebook in connection with the Offering.

7           40. Defendant Lebenthal & Co., LLC ("Lebenthal") served as an underwriter to  
8 Facebook in connection with the Offering.

9           41. Defendant Loop Capital Markets LLC ("Loop") served as an underwriter to  
10 Facebook in connection with the Offering.

11           42. Defendant M.R. Beal & Company ("M.R. Beal") served as an underwriter to  
12 Facebook in connection with the Offering.

13           43. Defendant Macquarie Capital (USA) Inc. ("Macquarie") served as an underwriter  
14 to Facebook in connection with the Offering.

15           44. Defendant Muriel Siebert & Co., Inc. ("Muriel") served as an underwriter to  
16 Facebook in connection with the Offering.

17           45. Defendant Oppenheimer & Co. Inc. ("Oppenheimer") served as an underwriter to  
18 Facebook in connection with the Offering.

19           46. Defendant Pacific Crest Securities LLC ("Pacific Crest") served as an underwriter  
20 to Facebook in connection with the Offering.

21           47. Defendant Piper Jaffray & Co. ("Piper Jaffray") served as an underwriter to  
22 Facebook in connection with the Offering.

23           48. Defendant Raymond James & Associates, Inc. ("Raymond James") served as an  
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1 underwriter to Facebook in connection with the Offering.

2 49. Defendant Samuel A. Ramirez & Company, Inc. ("Ramirez") served as an  
3 underwriter to Facebook in connection with the Offering.

4 50. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel") served as an  
5 underwriter to Facebook in connection with the Offering.  
6

7 51. Defendant The Williams Capital Group, L.P. ("Williams") served as an  
8 underwriter to Facebook in connection with the Offering.

9 52. Defendant William Blair & Company, L.L.C. ("William Blair") served as an  
10 underwriter to Facebook in connection with the Offering.  
11

12 53. Defendants Morgan Stanley, J.P. Morgan, Goldman Sachs, Merrill Lynch,  
13 Barclays, Allen, Citigroup, Credit Suisse, Deutsche, RBC, Blaylock, BMO, C.L. King, Cabrera,  
14 CastleOak, Cowen, E\*Trade, Itaú, Lazard, Lebenthal, Loop, M.R. Beal, Macquarie, Muriel,  
15 Oppenheimer, Pacific Crest, Piper Jaffray, Raymond James, Ramirez, Stifel, Williams, and  
16 William Blair, are collectively referred to hereinafter as the "Underwriter Defendants."  
17

#### 18 CLASS ACTION ALLEGATIONS

19 54. Plaintiff brings this action as a class action pursuant to California Code of Civil  
20 Procedure Section 382 on behalf of a Class, consisting of all persons and/or entities who  
21 purchased or otherwise acquired the common stock of Facebook pursuant and/or traceable to the  
22 Company's false and/or misleading Registration Statement and Prospectus issued in connection  
23 with the Company's IPO, and who were damaged thereby (the "Class"). Excluded from the  
24 Class are Defendants, the officers and directors of the Company, at all relevant times, members  
25 of their immediate families and their legal representatives, heirs, successors or assigns and any  
26 entity in which Defendants have or had a controlling interest.  
27  
28

COMPLAINT

1           55. The members of the Class are so numerous that joinder of all members is  
2 impracticable. During the relevant period, Facebook's securities were actively traded on the  
3 NASDAQ Stock Exchange (the "NASDAQ"). While the exact number of Class members is  
4 unknown to Plaintiff at this time and can only be ascertained through appropriate discovery,  
5 Plaintiff believes that there are hundreds or thousands of members in the proposed Class. The  
6 Company offered more than 420 million shares of common stock in the IPO. Moreover, record  
7 owners and other members of the Class may be identified from records maintained by Facebook  
8 or its transfer agent and may be notified of the pendency of this action by mail, using the form of  
9 notice similar to that customarily used in securities class actions.  
10

11           56. Plaintiff's claims are typical of the claims of the members of the Class as all  
12 members of the Class are similarly affected by Defendants' wrongful conduct in violation of  
13 federal law that is complained of herein.  
14

15           57. Plaintiff will fairly and adequately protect the interests of the members of the  
16 Class and have retained counsel competent and experienced in class and securities litigation.  
17

18           58. Common questions of law and fact exist as to all members of the Class and  
19 predominate over any questions solely affecting individual members of the Class. Among the  
20 questions of law and fact common to the Class are:

21                   (a) whether the Securities Act was violated by Defendants' acts as alleged  
22 herein;

23                   (b) whether statements made by Defendants to the investing public in  
24 connection with the Company's IPO omitted and/or misrepresented material facts about the  
25 business, operations, and prospects of Facebook; and  
26  
27  
28

1 (c) to what extent the members of the Class have sustained damages and the  
2 proper measure of damages.

3 59. A class action is superior to all other available methods for the fair and efficient  
4 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as  
5 the damages suffered by individual Class members may be relatively small, the expense and  
6 burden of individual litigation make it impossible for members of the Class to individually  
7 redress the wrongs done to them. There will be no difficulty in the management of this action as  
8 a class action.  
9

### 10 BACKGROUND

11 60. Facebook operates as a social networking company worldwide.

12  
13 61. On or about February 1, 2012, Facebook filed a registration statement with the  
14 SEC on Form S-1. Thereafter, the Company repeatedly amended the Form S-1, including on or  
15 about May 16, 2012, when Facebook filed with the SEC the final Form S-1/A (collectively, the  
16 "Registration Statement") for the IPO.  
17

18 62. On or around May 18, 2012, the Company filed with the SEC its IPO Prospectus  
19 (the "Prospectus"), which forms part of the "Registration Statement" that was declared effective  
20 on May 17, 2018.

21 63. In the IPO, the Company offered for sale 421,233,615 shares of common stock at  
22 a price of \$38.00 per share, of which 180,000,000 shares of Class A common were offered by the  
23 Company and 241,233,615 shares of Class A common stock were offered by existing  
24 stockholders. According to the Company, it expected to receive net proceeds of approximately  
25 \$6.8 billion from its IPO after deducting underwriting discounts and commissions, and offering  
26 expenses.  
27  
28

COMPLAINT



1 Second, if Facebook really had "reduced guidance" mid-way through a series of  
2 meetings designed for the sole purpose of selling the stock this would have been  
3 *even more highly material information.*

4 Why?

5 Because such a late change in guidance would mean that Facebook's business was  
6 deteriorating rapidly--between the start of the roadshow and the middle of the  
7 roadshow.

8 Any time a business outlook deteriorates that rapidly, alarm bells start going off  
9 on Wall Street, and stocks plunge.

10 So the report that Facebook had "reduced earnings guidance" during the roadshow  
11 just seemed like a typical misunderstanding between Wall Street and the public--  
12 something lost in translation between what a reporter was hearing from sources  
13 and what actually made it into print.

14 But now Reuters has just reported the same thing again. Here's a sentence from a  
15 story Reuters just published on the IPO:

16 Facebook also altered its guidance for research earnings last week, during the  
17 road show, a rare and disruptive move.

18 Hmmmm.

19 If this really happened, anyone who placed an order for Facebook who was  
20 unaware that 1) Facebook had issued any sort of earnings guidance, and 2)  
21 reduced that guidance during the roadshow, has every right to be furious.

22 Because this would have been highly material information that some investors  
23 had and others didn't--the exact sort of unfair asymmetry that securities laws are  
24 designed to prevent.

25 This seems so obvious that I'm still very skeptical of the report. I'll now look into  
26 it. In the meantime, if anyone knows what Facebook did and didn't tell analysts,  
27 I'd be grateful for your help.

28 67. On this news, shares of the Company's stock declined \$4.20 per share, or 10.99%,  
to close on May 21, 2012, at \$34.03 per share, on unusually heavy trading volume.

68. On May 22, 2012, Henry Blodget published an article entitled, "Facebook  
Bankers Secretly Cut Facebook's Revenue Estimates in Middle of IPO Roadshow." Therein, the



1 article, in relevant part, stated:

2 And now comes some news about the Facebook (FB) IPO that buyers deserve to  
3 be outraged about.

4 Reuters' Alistair Barr is reporting that Facebook's lead underwriters, Morgan  
5 Stanley (MS), JP Morgan (JPM), and Goldman Sachs (GS) all cut their earnings  
6 forecasts for the company in the middle of the IPO roadshow.

7 This by itself is highly unusual (I've never seen it during 20 years in and around  
8 the tech IPO business).

9 But, just as important, news of the estimate cut was passed on only to a handful of  
10 big investor clients, not everyone else who was considering an investment in  
11 Facebook.

12 This is a huge problem, for one big reason:

- 13 • Selective dissemination. Earnings forecasts are material  
14 information, especially when they are prepared by analysts who have had  
15 privileged access to company management. As lead underwriters on the  
16 IPO, these analysts would have had much better information about the  
17 company than anyone else. So the fact that these analysts suddenly all cut  
18 their earnings forecasts at the same time, during the roadshow, and then  
19 this information was not passed on to the broader public, is a huge  
20 problem.

21 Any investor considering an investment in Facebook would consider an estimate  
22 cut from the underwriters' analysts "material information."

23 What's more, it's likely that news of these estimate cuts dampened interest in the  
24 IPO among those who heard about them. (Reuters reported exactly this--that some  
25 institutions were "freaked out" by the estimate cuts, as anyone would have been.)

26 In other words, during the marketing of the Facebook IPO, investors who did not  
27 hear about these underwriter estimate cuts were placed at a meaningful and unfair  
28 information disadvantage. They did not know what a lot of other investors knew,  
and they suffered for it.

Selective dissemination of this sort could be a direct violation of securities laws.  
Irrespective of its legality, it is also grossly unfair. The SEC should investigate  
this immediately.

We first heard rumblings about this last week, and we were so startled that we  
assumed the reports were wrong. Then, over the weekend, when Reuters reported  
the basic story again, we said that if it was true, Facebook IPO buyers deserved to

1 be "mad as hell" about it. And now Reuters has the details, and they sound as bad  
2 as we had feared.

3 There are a couple of possibilities for what happened.

4 The first one is bad news for Morgan Stanley and the other lead underwriters on  
5 the deal.

6 The second is also bad news for Facebook.

7 According to Reuters, the underwriter analysts cut their estimates after Facebook  
8 issued an amended IPO prospectus in which the company mentioned, vaguely,  
9 that recent trends in which users were growing faster than revenue had continued  
10 into the second quarter.

11 To those experienced in reading financial statements, this language was  
12 unnerving, because its mere existence could have been taken to mean that  
13 Facebook's revenue in the second quarter wasn't coming in as strong as Facebook  
14 had hoped (why else would the language have suddenly been added at the 11th  
15 hour?)

16 To those who aren't experienced at reading filings, however, the real meaning of  
17 this language could easily have been missed. Facebook's users have been growing  
18 faster than revenue for a while, so why would it be news that this was continuing?  
19 In response to the amendment, meanwhile, all three lead underwriter analysts  
20 suddenly cut their estimates.

21 Now, regardless of why the analysts cut their estimates (and this will be  
22 important), estimate cuts of any sort are material information, so if this news was  
23 given to some institutional clients, it also obviously should have been given to  
24 everyone.

25 That's the first problem.

26 The second potential question and problem is whether Facebook told the  
27 underwriters to cut their estimates--either by directly telling them to, or, more  
28 likely, by "suggesting" that the analysts might want to revisit their estimates in  
light of the new disclosures in the prospectus.

If there was any communication at all between Facebook and its underwriters  
regarding the analysts' estimates, Facebook will likely be on the hook for this, too.  
Speaking as a former analyst, it seems highly unlikely to me that the vague  
language in the final IPO amendment would prompt all three underwriter analysts  
to immediately cut estimates without some sort of nod and wink from someone  
who knew how Facebook's second quarter was progressing. (To get this message  
from the language, you really have to read between the lines). But even if this is

1 what happened, it is still unfair that news of the estimate cut wasn't disseminated  
2 quickly and clearly to everyone considering buying Facebook's IPO.

3 The bottom line is that, even if dissemination laws were followed to the letter  
4 (which frankly seems unlikely), the selective disclosure here was grossly unfair.  
5 The SEC needs to look into this.

6 And as it does, the SEC should also revisit the practice that allows underwriter  
7 analysts to develop estimates that are used to market IPOs to institutional clients  
8 but are not shared with the public. In Europe, research analysts publish full  
9 reports on companies BEFORE they go public. This is a much better system, and  
10 the U.S. should switch to it. But at the very least, the SEC should mandate that  
11 any information given to some clients (e.g., earnings estimates and changes in  
12 earnings estimates) be given to all clients.

13 69. On this news, shares of the Company's stock again declined precipitously, trading  
14 as low as \$30.98 per share.

15 **FIRST CLAIM**  
16 **Violation of Section 11 of The Securities Act**  
17 **(Against All Defendants)**

18 70. Plaintiff repeats and realleges each and every allegation contained above, except  
19 any allegation of fraud, recklessness or intentional misconduct.

20 71. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C.  
21 §77k, on behalf of the Class, against all Defendants.

22 72. The Registration Statement for the IPO was inaccurate and misleading, contained  
23 untrue statements of material facts, omitted to state other facts necessary to make the statements  
24 made not misleading, and omitted to state material facts required to be stated therein.

25 73. Facebook is the registrant for the IPO. The Defendants named herein were  
26 responsible for the contents and dissemination of the Registration Statement.

27 74. As issuer of the shares, Facebook is strictly liable to Plaintiff and the Class for the  
28 misstatements and omissions.

75. None of the Defendants named herein made a reasonable investigation or

**COMPLAINT**

1 possessed reasonable grounds for the belief that the statements contained in the Registration  
2 Statement were true and without omissions of any material facts and were not misleading.

3 76. By reasons of the conduct herein alleged, each Defendant violated, and/or  
4 controlled a person who violated Section 11 of the Securities Act.

5 77. Plaintiff acquired Facebook shares pursuant and/or traceable to the Registration  
6 Statement for the IPO.

7 78. Plaintiff and the Class have sustained damages. The value of Facebook common  
8 stock has declined substantially subsequent to and due to Defendants' violations.  
9

10  
11 **SECOND CLAIM**  
12 **Violation of Section 15 of The Securities Act**  
13 **(Against the Individual Defendants)**

14 79. Plaintiff repeats and realleges each and every allegation contained above, except  
15 any allegation of fraud, recklessness or intentional misconduct.

16 80. This count is asserted against the Individual Defendants and is based upon Section  
17 15 of the Securities Act.

18 81. Individual Defendants, by virtue of their offices, directorship and specific acts  
19 were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of  
20 Facebook within the meaning of Section 15 of the Securities Act. The Individual Defendants  
21 had the power and influence and exercised the same to cause Facebook to engage in the acts  
22 described herein.

23 82. Individual Defendants' positions made them privy to and provided them with  
24 actual knowledge of the material facts concealed from Plaintiff and the Class.

25 83. By virtue of the conduct alleged herein, the Individual Defendants are liable for  
26 the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.  
27  
28

1 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

2 (a) Determining that this action is a proper class action under California Code of  
3 Civil Procedure Section 382;

4 (b) Awarding compensatory damages in favor of Plaintiff and the other Class  
5 members against all Defendants, jointly and severally, for all damages sustained as a result of  
6 Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;  
7

8 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in  
9 this action, including counsel fees and expert fees;

10 (d) Awarding rescission or a rescissory measure of damages; and

11 (e) Such other and further relief as the Court may deem just and proper.  
12

13 **JURY TRIAL DEMANDED**

14 Plaintiff hereby demands a trial by jury.

15 Dated: May 22, 2012

**GLANCY BINKOW & GOLDBERG LLP**

16  
17 By: 

18 Lionel Z. Glancy

19 Michael Goldberg

20 Robert V. Prongay

21 Casey E. Sadler

22 1925 Century Park East, Suite 2100

23 Los Angeles, California 90067

24 Telephone: (310) 201-9150

25 Facsimile: (310) 201-9160

26 *Attorneys for Plaintiff Darryl Lazar*  
27  
28

COMPLAINT

**SUMMONS  
(CITACION JUDICIAL)**

**NOTICE TO DEFENDANT:  
(AVISO AL DEMANDADO):**

**FACEBOOK, INC. [See Additional Parties Attachment]**

**YOU ARE BEING SUED BY PLAINTIFF:  
(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

**DARRYL LAZAR**

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

**ENDORSED FILED  
SAN MATEO COUNTY**

MAY 22 2012

Clerk of the Superior Court  
By G. MARQUEZ  
DEPUTY CLERK

**NOTICE:** You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.justicepostforia.org](http://www.justicepostforia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. ¡AVISO! Le han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegerá. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted puede usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.courtinfo.ca.gov](http://www.courtinfo.ca.gov)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de solicitud de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes de más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, ([www.justicepostforia.org](http://www.justicepostforia.org)), en el Centro de Ayuda de las Cortes de California, ([www.courtinfo.ca.gov](http://www.courtinfo.ca.gov)) o pidiéndole un contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a retener las cuotas y los costos estatales por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desear el caso.

The name and address of the court is:  
(El nombre y dirección de la corte es): **San Mateo Superior Court  
Southern Branch - Hall of Justice - 400 County Center, Redwood City,  
California, 94063**

CASE NUMBER:  
(Número del Caso) **CIV 514065**

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:  
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
**Robert V. Prongay, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, Telephone: (310) 201-9150**

**JOHN C. FITTON**

Clerk, by  
(Secretaria)

**G. MARQUEZ**

Deputy  
(Asistente)

DATE: **MAY 22 2012**  
(Fecha)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).  
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010).)

[SEAL]

- NOTICE TO THE PERSON SERVED: You are served**
- as an individual defendant.
  - as the person sued under the fictitious name of (specify):
  - on behalf of (specify):
    - under:  CCP 416.10 (corporation)  CCP 416.60 (minor)
    - CCP 416.20 (defunct corporation)  CCP 416.70 (conservatee)
    - CCP 416.40 (association or partnership)  CCP 416.80 (authorized person)
    - other (specify):
  - by personal delivery on (date):

SHORT TITLE: Lazar v. Facebook, Inc., et al.	CASE NUMBER:
---	--------------

**INSTRUCTIONS FOR USE**

- This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.  
 → If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

Plaintiff     Defendant     Cross-Complainant     Cross-Defendant

MARK ZUCKERBERG, DAVID A. EBERSMAN, DAVID M. SPILLANE, MARC L. ANDREESSEN, ERSKINE B. BOWLES, JAMES W. BREYER, DONALD E. GRAHAM, REED HASTINGS, PETER A. THIEL, MORGAN STANLEY & CO. LLC, J.P. MORGAN SECURITIES LLC, GOLDMAN, SACHS & CO., BARCLAYS CAPITAL INC., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, ALLEN & COMPANY LLC, CITIGROUP GLOBAL MARKETS INC., CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., RBC CAPITAL MARKETS, LLC, BLAYLOCK ROBERT VAN LLC, BMO CAPITAL MARKETS CORP., C.L. KING & ASSOCIATES, INC., CABRERA CAPITAL MARKETS, LLC, CASTLEOAK SECURITIES, L.P., COWEN AND COMPANY, LLC., E\*TRADE SECURITIES LLC, ITAÚ BBA USA SECURITIES, INC., LAZARD CAPITAL MARKETS LLC, LEBENTHAL & CO., LLC, LOOP CAPITAL MARKETS LLC, M.R. BEAL & COMPANY, MACQUARIE CAPITAL (USA) INC., MURIEL SIEBERT & CO., INC., OPPENHEIMER & CO. INC., PACIFIC CREST SECURITIES LLC, PIPER JAFFRAY & CO., RAYMOND JAMES & ASSOCIATES, INC., SAMUEL A. RAMIREZ & COMPANY, INC., STIFEL, NICOLAUS & COMPANY, INCORPORATED, THE WILLIAMS CAPITAL GROUP, L.P., and WILLIAM BLAIR & COMPANY, L.L.C.

Page \_\_\_\_\_ of \_\_\_\_\_

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):
Robert V. Prongay (SBN 270795)
Ghancy Binkow & Goldberg, LLP
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
TELEPHONE NO: (310) 201-9150 FAX NO: (310) 201-9160
ATTORNEY FOR (Name): Plaintiff Darryl Lazar

FOR COURT USE ONLY
RECEIVED
MAY 22 2012
CLERK OF THE SUPERIOR COURT
SAN MATEO COUNTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Mateo
STREET ADDRESS: 400 County Center
MAILING ADDRESS: 400 County Center
CITY AND ZIP CODE: Redwood City, 94063
BRANCH NAME: Southern Branch

CASE NAME:
Lazar v. Facebook, Inc., et al.

CIVIL CASE COVER SHEET
Unlimited (Amount demanded exceeds \$25,000)
Limited (Amount demanded is \$25,000 or less)

Complex Case Designation
Counter
Joinder
Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)

CASE NUMBER:
CIV 514065
JUDGE:
DEPT:

Items 1-9 below must be completed (see instructions on page 2).

- 1. Check one box below for the case type that best describes this case:
Auto Tort
Contract
Provisionally Complex Civil Litigation
Other PIP/DWD (Personal Injury/Property Damage/Wrongful Death) Tort
Real Property
Unlawful Detainer
Judicial Review
Employment
Other employment (15)

- 2. This case is is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
a. Large number of separately represented parties
b. Extensive motion practice raising difficult or novel issue that will be time-consuming to resolve
c. Substantial amount of documentary evidence
d. Large number of witnesses
e. Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
f. Substantial postjudgment judicial supervision
3. Remedies sought (check all that apply): a. monetary b. nonmonetary, declaratory or injunctive relief c. punitive
4. Number of causes of action (specify): 2 - Violations of Section 11 and 15 of the Securities Act;
5. This case is is not a class action suit.
6. If there are any known related cases, file and serve a notice of related cases. (You may use form CM-015.)

Date: May 22, 2012
Robert V. Prongay (TYPE OR PRINT NAME) [Signature] (SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE
Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
File this cover sheet in addition to any cover sheet required by local court rule.
If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

FILED BY FAX



Attorney or Party without Attorney (Name/Address) <b>Robert V. Prongay (SEN 270796)</b> <b>Glancy Binkow &amp; Goldberg LLP</b> 1925 Century Park East, #2100, Los Angeles, CA Telephone: (310) 201-9150 State Bar No.: 270796 Attorney for: Plaintiff	<b>FOR COURT USE ONLY</b>  <b>ENDORSED FILED</b> <b>SAN MATEO COUNTY</b>  MAY 22 2012  Clerk of the Superior Court By <u>G. MARQUEZ</u> DEPUTY CLERK
SUPERIOR COURT OF CALIFORNIA COUNTY OF SAN MATEO 400 COUNTY CENTER REDWOOD CITY, CA 94063	
Plaintiff <b>Darryl Lazar</b>	Case Number <b>CV 514065</b>
Defendant <b>Facebook, Inc., et al.</b>	
Certificate Re Complex Case Designation	

**This certificate must be completed and filed with your Civil Case Cover Sheet if you have checked a Complex Case designation or Counter-Designation**

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1. In the attached Civil Case Cover Sheet, this case is being designated or counter-designated as a complex case [or as not a complex case] because at least one or more of the following boxes has been checked:
  - Box 1 – Case type that is best described as being [or not being] provisionally complex civil litigation (i.e., antitrust or trade regulation claims, construction defect claims involving many parties or structures, securities claims or investment losses involving many parties, environmental or toxic tort claims involving many parties, claims involving mass torts, or insurance coverage claims arising out of any of the foregoing claims).
  - Box 2 – Complex [or not complex] due to factors requiring exceptional judicial management
  - Box 5 – Is [or is not] a class action suit.
  
2. This case is being so designated based upon the following supporting information [including, without limitation, a brief description of the following factors as they pertain to this particular case: (1) management of a large number of separately represented parties; (2) complexity of anticipated factual and/or legal issues; (3) numerous pretrial motions that will be time-consuming to resolve; (4) management of a large number of witnesses or a substantial amount of documentary evidence; (5) coordination with related actions

pending in one or more courts in other counties, states or countries or in a federal court; (6) whether or not certification of a putative class action will in fact be pursued; and (7) substantial post-judgment judicial supervision]:

This is a putative class action brought by Plaintiff on behalf of purchasers of the common stock of Facebook, inc., in connection with the company's Initial Public Offering. Plaintiff alleges that the offering materials issued in connection with the offering were materially false and misleading and/or omitted material facts required to be stated therein. [See additional attached page]

*(attach additional pages if necessary)*

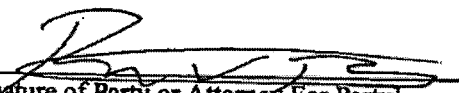
3. Based on the above-stated supporting information, there is a reasonable basis for the complex case designation or counter-designation [or noncomplex case counter-designation] being made in the attached Civil Case Cover Sheet.

\*\*\*\*\*

I, the undersigned counsel or self-represented party, hereby certify that the above is true and correct and that I make this certification subject to the applicable provisions of California Code of Civil Procedure, Section 128.7 and/or California Rules of Professional Conduct, Rule 5-200 (B) and San Mateo County Superior Court Local Rules, Local Rule 2.30.

Dated: May 22, 2012

Robert V. Prongay  
[Type or Print Name]

  
[Signature of Party or Attorney For Party]

**ATTACHMENT TO CERTIFICATE RE COMPLEX DESIGNATION**

Resolution of the claims will undoubtedly present challenging and complex legal and factual issues and would be handled most efficiently and effectively by the Complex Litigation Department.

1 JOHNSON & WEAVER, LLP  
Frank J. Johnson (174882)  
2 David Biliot (270831)  
110 West "A" Street, Suite 750  
3 San Diego, CA 92101  
Telephone: (619) 230-0063  
4 Facsimile: (619) 255-1856

5 Attorneys for Plaintiff

**ENDORSED FILED**  
**SAN MATEO COUNTY**

MAY 23 2012

Clerk of the Superior Court  
By Rebecca Krill  
DEPUTY CLERK

6  
7  
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **COUNTY OF SAN MATEO**

10 MATTHEW PILGRAM, Individually and  
On Behalf of All Others Similarly Situated,

11 Plaintiff,

12 v.

13 FACEBOOK, INC., MARK  
14 ZUCKERBERG, DAVID E. EBERSMAN,  
DAVID M. SPILLANE, MARC L.  
15 ANDREESSEN, ERSKINE B. BOWLES,  
JAMES W. BREYER, DONALD B.  
16 GRAHAM, REED HASTINGS, PETER A.  
THIEL, MORGAN STANLEY & CO.  
17 LLC, GOLDMAN, SACHS & CO.,  
BARCLAYS CAPITAL INC., ALLEN &  
18 COMPANY LLC, CITIGROUP GLOBAL  
MARKETS INC., CREDIT SUISSE  
19 SECURITIES (USA) LLC, DEUTSCHE  
BANK SECURITIES INC., RBC  
20 CAPITAL MARKETS, LLC, BLAYLOCK  
ROBERT VAN LLC, BMO CAPITAL  
21 MARKETS CORP., C.L. KING &  
ASSOCIATES, INC., CABRERA  
22 CAPITAL MARKETS, LLC,  
CASTLEOAK SECURITIES, L.P.,  
23 COWEN AND COMPANY, LLC.,  
E\*TRADE SECURITIES, LLC, ITAU  
24 BBA USA SECURITIES, INC., LAZARD  
CAPITAL MARKETS LLC,  
25 LEBENTHAL & CO., LLC, LOOP  
CAPITAL MARKETS LLC, M.R. BEAL  
26 & COMPANY, MACQUARIE CAPITAL  
(USA) INC., MURIEL SIEBERT & CO.,  
27 INC., OPPENHEIMER & CO. INC.,  
PACIFIC CREST SECURITIES LLC,  
28 PIPER JAFFRAY & CO., RAYMOND

Case No.: CIV 51 4111

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

Class Action Complaint

FILED BY FAX

1 JAMES & ASSOCIATES, INC., SAMUEL  
2 A. RAMIREZ & COMPANY, INC.,  
3 STIFEL, NICOLAUS & COMPANY,  
4 INCORPORATED, THE WILLIAMS  
5 CAPITAL GROUP, L.P., and WILLIAM  
6 BLAIR & COMPANY, L.L.C.,

Defendants.

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1 Plaintiff Matthew Pilgram ("Plaintiff"), by and through his attorneys, alleges the  
2 following upon information and belief, except as to those allegations concerning Plaintiff,  
3 which are alleged upon personal knowledge. Plaintiff's information and belief is based upon,  
4 among other things, his counsel's investigation, which includes without limitation: (a) review  
5 and analysis of regulatory filings made by Facebook, Inc. ("Facebook" or the "Company")  
6 with the United States Securities and Exchange Commission ("SEC"); (b) review and analysis  
7 of press releases and media reports issued and disseminated by Facebook; and (c) review of  
8 other publicly available information concerning Facebook.

### 9 NATURE AND SUMMARY OF THE ACTION

10 1. This is a class action on behalf of persons and/or entities who purchased or  
11 otherwise acquired the common stock of Facebook pursuant to and/or traceable to the  
12 Company's initial public offering (the "IPO" or the "Offering").

13 2. Facebook operates as a social networking company worldwide.

14 3. The claims in this action arise from the materially false and/or misleading  
15 Registration Statement and Prospectus issued in connection with the Offering. In the IPO, the  
16 Company offered for sale 421,233,615 shares of common stock at a price of \$38.00 per share,  
17 of which 180,000,000 shares of Class A common stock were offered by the Company and  
18 241,233,615 shares of Class A common stock were offered by existing stockholders.  
19 According to the Company, Facebook expects to receive net proceeds of approximately  
20 \$6,764,760,000 and selling stockholders expect to receive \$9,066,041,719 from the Offering,  
21 after deducting underwriting discounts, commissions and offering related transaction costs.

22 4. As detailed below, the Registration Statement and Prospectus contained  
23 materially false and misleading statements and omitted material information in violation of  
24 Sections 11 and 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§77k and  
25 77o.

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**JURISDICTION AND VENUE**

5. The claims asserted herein arise under and pursuant to Sections 11 and 15 of the Securities Act. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act, 15 U.S.C. §77v, which explicitly states that "except as provided in section 16(c), no case arising under this title and brought in any State court of competent jurisdiction shall be removed to any court in the United States." Section 16(c) of the Securities Act refers to "covered class actions," which are defined as lawsuits brought as class actions or brought on behalf of more than 50 persons asserting claims under state or common law. This is an action asserting federal law claims. Thus, it does not fall within the definition of a "covered class action" under §16(c) and therefore is not removable to federal court under the Securities Litigation Uniform Standards Act of 1998.

6. Each defendant has sufficient contacts with California, or otherwise purposefully avail itself of benefits from California or has property in California so as to render the exercise of jurisdiction over each by the California courts consistent with traditional notions of fair play and substantial justice.

7. The amount in controversy exceeds the jurisdictional minimum of this Court, and the total damages sought exceeds \$25,000.

8. Venue is proper in this Court pursuant to Section 22 of the Securities Act, 15 U.S.C. §77v. Defendant Facebook's principal executive offices are located within this County, the individual defendants conduct business in this County, and many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this County.

**PARTIES**

9. Plaintiff Matthew Pilgram purchased Facebook securities pursuant to and/or traceable to the Registration Statement issued in connection with the Company's IPO and has been damaged thereby.

1           10. Defendant Facebook is a Delaware corporation with its principal executive  
2 offices at 1601 Willow Road, Menlo Park, California 94025.

3           11. Defendant Mark Zuckerberg ("Zuckerberg") was, at all relevant times,  
4 Chairman and Chief Executive Officer ("CEO") of Facebook and signed or authorized the  
5 signing of the Company's Registration Statement filed with the SEC.

6           12. Defendant David A. Ebersman ("Ebersman") was, at all relevant times, Chief  
7 Financial Officer ("CFO") of Facebook and signed or authorized the signing of the Company's  
8 Registration Statement filed with the SEC.

9           13. Defendant David M. Spillane ("Spillane") was, at all relevant times, Director of  
10 Accounting for Facebook and signed or authorized the signing of the Company's Registration  
11 Statement filed with the SEC.

12           14. Defendant Marc L. Andreessen ("Andreessen") was, at all relevant times, a  
13 director of Facebook and signed or authorized the signing of the Company's Registration  
14 Statement filed with the SEC.

15           15. Defendant Erskine B. Bowles ("Bowles") was, at all relevant times, a director  
16 of Facebook and signed or authorized the signing of the Company's Registration Statement  
17 filed with the SEC.

18           16. Defendant James W. Breyer ("Breyer") was, at all relevant times, a director of  
19 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
20 with the SEC.

21           17. Defendant Donald E. Graham ("Graham") was, at all relevant times, a director  
22 of Facebook and signed or authorized the signing of the Company's Registration Statement  
23 filed with the SEC.



1           18. Defendant Reed Hastings ("Hastings") was, at all relevant times, a director of  
2 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
3 with the SEC.

4           19. Defendant Peter A. Thiel ("Thiel") was, at all relevant times, a director of  
5 Facebook and signed or authorized the signing of the Company's Registration Statement filed  
6 with the SEC.

7           20. Defendants Zuckerberg, Ebersman, Spillane, Andreessen, Bowles, Breyer,  
8 Grahani, Hastings and Thiel, are collectively referred to hereinafter as the "Individual  
9 Defendants."

10           21. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") served as an  
11 underwriter to Facebook in connection with the Offering.

12           22. Defendant Goldman, Sachs & Co. ("Goldman Sachs") served as an underwriter  
13 to Facebook in connection with the Offering.

14           23. Defendant Barclays Capital Inc. ("Barclays") served as an underwriter to  
15 Facebook in connection with the Offering.

16           24. Defendant Allen & Company LLC ("Allen") served as an underwriter to  
17 Facebook in connection with the Offering.

18           25. Defendant Citigroup Global Markets Inc. ("Citi") served as an underwriter to  
19 Facebook in connection with the Offering.

20           26. Defendant Credit Suisse Securities (USA) LLC ("Credit Suisse") served as an  
21 underwriter to Facebook in connection with the Offering.

22           27. Defendant Deutsche Bank Securities Inc. ("Deutsche") served as an underwriter  
23 to Facebook in connection with the Offering.

1           28. Defendant RBC Capital Markets, LLC ("RBC") served as an underwriter to  
2 Facebook in connection with the Offering.

3           29. Defendant Blaylock Robert Van LLC ("Blaylock") served as an underwriter to  
4 Facebook in connection with the Offering.

5           30. Defendant BMO Capital Markets Corp. ("BMO") served as an underwriter to  
6 Facebook in connection with the Offering.

7           31. Defendant C.L. King & Associates, Inc. ("C.L. King") served as an underwriter  
8 to Facebook in connection with the Offering.

9           32. Defendant Cabrera Capital Markets, LLC ("Cabrera") served as an underwriter  
10 to Facebook in connection with the Offering.

11           33. Defendant CastleOak Securities, L.P. ("CastleOak") served as an underwriter to  
12 Facebook in connection with the Offering.

13           34. Defendant Cowen and Company, LLC ("Cowen") served as an underwriter to  
14 Facebook in connection with the Offering.

15           35. Defendant E\*TRADE Securities LLC ("E\*TRADE") served as an underwriter  
16 to Facebook in connection with the Offering.

17           36. Defendant Itau BBA USA Securities, Inc. ("Itau") served as an underwriter to  
18 Facebook in connection with the Offering.

19           37. Defendant Lazard Capital Markets LLC ("Lazard") served as an underwriter to  
20 Facebook in connection with the Offering.

21           38. Defendant Lebenthal & Co., LLC ("Lebenthal") served as an underwriter to  
22 Facebook in connection with the Offering.

23           39. Defendant Loop Capital Markets LLC ("Loop") served as an underwriter to  
24 Facebook in connection with the Offering.

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1           40. Defendant M.R. Beal & Company ("M.R. Beal") served as an underwriter to  
2 Facebook in connection with the Offering.

3           41. Defendant Macquarie Capital (USA) Inc. ("Macquarie") served as an  
4 underwriter to Facebook in connection with the Offering.

5           42. Defendant Muriel Siebert & Co., Inc. ("Muriel") served as an underwriter to  
6 Facebook in connection with the Offering.

7           43. Defendant Oppenheimer & Co. Inc. ("Oppenheimer") served as an underwriter  
8 to Facebook in connection with the Offering.

9           44. Defendant Pacific Crest Securities LLC ("Pacific Crest") served as an  
10 underwriter to Facebook in connection with the Offering.

11           45. Defendant Piper Jaffray & Co. ("Piper Jaffray") served as an underwriter to  
12 Facebook in connection with the Offering.

13           46. Defendant Raymond James & Associates, Inc. ("Raymond James") served as  
14 an underwriter to Facebook in connection with the Offering.

15           47. Defendant Samuel A. Ramirez & Company, Inc. ("Ramirez") served as an  
16 underwriter to Facebook in connection with the Offering.

17           48. Defendant Stifel, Nicolaus & Company, Incorporated ("Stifel") served as an  
18 underwriter to Facebook in connection with the Offering.

19           49. Defendant The Williams Capital Group, L.P. ("Williams") served as an  
20 underwriter to Facebook in connection with the Offering.

21           50. Defendants William Blair & Company, L.L.C. ("William Blair") served as an  
22 underwriter to Facebook in connection with the Offering.

23           51. Defendants Morgan Stanley, Goldman Sachs, Barclays, Allen, Citigroup, Credit  
24 Suisse, Deutsche, RBC, Blaylock, BMO, C.L. King, Cabrera, CastleOak, Cowen, B\*TRADE,  
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1 Itau, Lazard, Lebenthal, Loop, M.R. Beal, Macquarie, Muriel, Oppenheimer, Pacific Crest,  
2 Piper Jaffray, Raymond James, Ramirez, Stifel, Williams, and William Blair, are collectively  
3 referred to herein as the "Underwriter Defendants."

4 **CLASS ACTION ALLEGATIONS**

5  
6 52. Plaintiff brings this action as a class action pursuant to California Code of Civil  
7 Procedure Section 382 on behalf of a Class, consisting of all persons and/or entities who  
8 purchased or otherwise acquired the common stock of Facebook pursuant to and/or traceable  
9 to the Company's false and/or misleading Registration Statement and Prospectus issued in  
10 connection with the Company's IPO, and who were damaged thereby (the "Class"). Excluded  
11 from the Class are defendants herein, members of the immediate family of each of the  
12 defendants, any person, firm, trust, corporation, officer, director or other individual or entity in  
13 which any defendant has a controlling interest or which is related to or affiliated with any of  
14 the defendants, and the legal representatives, agents, affiliates, heirs, successors-in-interest or  
15 assigns of any such excluded party.  
16

17 53. The members of the Class are so numerous that joinder of all members is  
18 impracticable. Facebook sold more than 421 million shares of common stock in the IPO. The  
19 precise number of Class members is unknown to plaintiff at this time but is believed to be in  
20 the thousands. In addition, the names and addresses of the Class members can be ascertained  
21 from the books and records of Facebook or its transfer agent or the underwriters to the IPO.  
22 Notice can be provided to such record owners by a combination of published notice and first-  
23 class mail, using techniques and a form of notice similar to those customarily used in class  
24 actions arising under the federal securities laws.  
25

26 54. Plaintiff will fairly and adequately represent and protect the interests of the  
27 members of the Class. Plaintiff has retained competent counsel experienced in class action  
28

1 litigation under the securities laws to further ensure such protection and intends to prosecute  
2 this action vigorously.

3 55. Plaintiff's claims are typical of the claims of the other members of the Class  
4 because plaintiff and all the Class members' damages arise from and were caused by the same  
5 false and misleading representations and omissions made by or chargeable to defendants.  
6 Plaintiff does not have any interests antagonistic to, or in conflict with, the Class.  
7

8 56. A class action is superior to other available methods for the fair and efficient  
9 adjudication of this controversy. Since the damages suffered by individual Class members  
10 may be relatively small, the expense and burden of individual litigation make it virtually  
11 impossible for the Class members to seek redress for the wrongful conduct alleged. Plaintiff  
12 knows of no difficulty that will be encountered in the management of this litigation that would  
13 preclude its maintenance as a class action.  
14

15 57. Common questions of law and fact exist as to all members of the Class and  
16 predominate over any questions affecting solely individual members of the Class. Among the  
17 questions of law and fact common to the Class are:

18 (a) whether the federal securities laws were violated by defendants' acts as  
19 alleged herein;

20 (b) whether the Prospectus and Registration Statement issued by defendants to  
21 the investing public in connection with the IPO negligently omitted and/or misrepresented  
22 material facts about Facebook and its business; and  
23

24 (c) the extent of injuries sustained by members of the Class and the  
25 appropriate measure of damages.  
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1           63. In describing the risks related to Facebook's business and industry, the  
2 Registration Statement purported to warn that the Company's revenues could be negatively  
3 affected by the rate of growth in mobile users of its site or app. The Registration Statement  
4 and Prospectus stated in pertinent part as follows:

5           *Growth in use of Facebook through our mobile products, where our ability to*  
6 *monetize is unproven, as a substitute for use on personal computers may*  
7 *negatively affect our revenue and financial results.*

8           We had 488 million [monthly active users] who used facebook mobile  
9 products in March 2012. While most of our mobile users also access Facebook  
10 through personal computers, we anticipate that the rate of growth in mobile  
11 usage will exceed the growth in usage through personal computers for the  
12 foreseeable future, in part due to our focus on developing mobile products to  
13 encourage mobile usage of Facebook. We have historically not shown ads to  
14 users accessing Facebook through mobile apps or our mobile website. In March  
15 2012, we began to include sponsored stories in users' mobile News Feeds.  
16 However, we do not currently directly generate any meaningful revenue from  
17 the use of Facebook mobile products, and our ability to do so successfully is  
18 unproven. We believe this increased usage of Facebook on mobile devices has  
19 contributed to the recent trend of our daily active users (DAUs) increasing more  
20 rapidly than the increase in the number of ads delivered. If users increasingly  
21 access Facebook mobile products as a substitute for access through personal  
22 computers, and if we are unable to successfully implement monetization  
23 strategies for our mobile users, or if we incur excessive expenses in this effort,  
24 our financial performance and ability to grow revenue would be negatively  
25 affected.

26           64. The Registration Statement and Prospectus also purported to warn investors  
27 that the Company's revenues from advertising could be adversely affected by, among other  
28 things, the "increased user access to and engagement with facebook" through mobile devices.  
In that regard, the Registration Statement and Prospectus stated, in pertinent part, as follows:

29           *We generate a substantial majority of our revenue from advertising. The loss*  
30 *of advertisers, or reduction in spending by advertisers with Facebook, could*  
31 *seriously harm our business.*

32           The substantial majority of our revenue is currently generated from third  
33 parties advertising on facebook. In 2009, 2010, and 2011 and the first quarter of  
34 2011 and 2012, advertising accounted for 98%, 95%, 85%, 87%, and 82%,  
35 respectively, of our revenue. As is common in the industry, our advertisers  
36 typically do not have long-term advertising commitments with us. Many of our

1 advertisers spend only a relatively small portion of their overall advertising  
2 budget with us. In addition, advertisers may view some of our products, such as  
3 sponsored stories and ads with social context, as experimental and unproven.  
4 Advertisers will not continue to do business with us, or they will reduce the  
5 prices they are willing to pay to advertise with us, if we do not deliver ads and  
6 other commercial content in an effective manner, or if they do not believe that  
7 their investment in advertising with us will generate a competitive return  
8 relative to other alternatives. Our advertising revenue could be adversely  
9 affected by a number of other factors, including:

- 10 • decreases in user engagement, including time spent on facebook;
- 11 • increased user access to and engagement with facebook through our  
12 mobile products, where we do not currently directly generate  
13 meaningful revenue, particularly to the extent that mobile engagement is  
14 substituted for engagement with Facebook on personal computers where  
15 we monetize usage by displaying ads and other commercial content;
- 16 • product changes or inventory management decisions we may make that  
17 reduce the size, frequency, or relative prominence of ads and other  
18 commercial content displayed on facebook;
- 19 • our inability to improve our analytics and measurement solutions that  
20 demonstrate the value of our ads and other commercial content;
- 21 • decisions by advertisers to use our free products, such as facebook  
22 Pages, instead of advertising on Facebook;
- 23 • loss of advertising market share to our competitors;
- 24 • adverse legal developments relating to advertising, including legislative  
25 and regulatory developments and developments in litigation;
- 26 • adverse media reports or other negative publicity involving us, our  
27 Platform developers, or other companies in our industry;
- 28 • our inability to create new products that sustain or increase the value of  
our ads and other commercial content;
- the degree to which users opt out of social ads or otherwise limit the  
potential audience of commercial content;
- changes in the way online advertising is priced;
- the impact of new technologies that could block or obscure the display  
of our ads and other commercial content; and
- the impact of macroeconomic conditions and conditions in the  
advertising industry in general.



1           The occurrence of any of these or other factors could result in a  
2 reduction in demand for our ads and other commercial content, which may  
3 reduce the prices we receive for our ads and other commercial content, or cause  
4 advertisers to stop advertising with us altogether, either of which would  
5 negatively affect our revenue and financial results.

6           65. The statements referenced above in ¶¶64-66 were untrue statements of material  
7 fact. The true facts at the time of the IPO were that Facebook was then experiencing a severe  
8 and pronounced reduction in revenue growth due to an increase of users of its Facebook app or  
9 website through mobile devices rather than a traditional PC such that the Company told the  
10 Underwriter Defendants to materially lower their revenue forecasts for 2012. And, defendants  
11 failed to disclose that during the roadshow conducted in connection with the IPO, certain of  
12 the Underwriter Defendants reduced their second quarter and full year 2012 performance  
13 estimates for Facebook, which revisions were material information which was not shared with  
14 all Facebook investors, but rather, was selectively disclosed by defendants to certain preferred  
15 investors and omitted from the Registration Statement and/or Prospectus.

16           66. On May 19, 2012, in an article entitled "Morgan Stanley Was A Control-Freak  
17 On Facebook IPO – And It May Have Royally Screwed Itself," *Reuters* reported that  
18 "Facebook... altered its guidance for research earnings last week, during the road show, a  
19 rare and disruptive move."

20           67. On May 22, 2012, in an article entitled "Insight: Morgan Stanley cut Facebook  
21 estimates just before IPO," *Reuters* reported that that Facebook's lead underwriters, Morgan  
22 Stanley, JP Morgan and Goldman Sachs, all cut their earnings forecasts for the Company in  
23 the middle of the IPO roadshow and that only a handful of preferred investor clients were told  
24 the news of the reduction. In that regard, the article stated, in pertinent part, as follows:  
25

26           In the run-up to Facebook's \$16 billion IPO, Morgan Stanley, the lead  
27 underwriter on the deal, unexpectedly delivered some negative news to major  
28 clients: The bank's consumer Internet analyst, Scott Devitt, was reducing his  
revenue forecasts for the company.

1           The sudden caution very close to the huge initial public offering, and  
2 while an investor roadshow was underway, was a big shock to some, said two  
investors who were advised of the revised forecast.

3           They say it may have contributed to the weak performance of Facebook  
4 shares, which sank on Monday - their second day of trading - to end 10 percent  
5 below the IPO price. The \$38 per share IPO price valued Facebook at \$104  
billion.

6           The change in Morgan Stanley's estimates came on the heels of  
7 Facebook's filing of an amended prospectus with the U.S. Securities and  
8 Exchange Commission (SEC), in which the company expressed caution about  
revenue growth due to a rapid shift by users to mobile devices. Mobile  
advertising to date is less lucrative than advertising on a desktop.

9           "This was done during the roadshow - I've never seen that before in 10  
10 years," said a source at a mutual fund firm who was among those called by  
11 Morgan Stanley.

12           JPMorgan Chase and Goldman Sachs, which were also major  
13 underwriters on the IPO but had lesser roles than Morgan Stanley, also revised  
14 their estimates in response to Facebook's May 9 SEC filing, according to  
sources familiar with the situation.

15           Morgan Stanley declined to comment and Devitt did not return a phone  
message seeking comment. JPMorgan and Goldman both declined to comment.

16           Typically, the underwriter of an IPO wants to paint as positive a picture  
17 as possible for prospective investors. Investment bank analysts, on the other  
18 hand, are required to operate independently of the bankers and salesmen who  
19 are marketing stocks - that was stipulated in a settlement by major banks with  
regulators following a scandal over tainted stock research during the dotcom  
boom.

20           The people familiar with the revised Morgan Stanley projections said  
21 Devitt cut his revenue estimate for the current second quarter significantly, and  
22 also cut his full-year 2012 revenue forecast. Devitt's precise estimates could not  
be immediately verified.

23           "That deceleration freaked a lot of people out," said one of the investors.

24           Scott Sweet, senior managing partner at the research firm IPO Boutique,  
25 said he was also aware of the reduced estimates.

26           "They definitely lowered their numbers and there was some concern  
27 about that," he said. "My biggest hedge fund client told me they lowered their  
numbers right around mid-roadshow."

1           That client, he said, still bought the issue but "flipped his IPO allocation  
2 and went short on the first day."

3           "VERY UNUSUAL"

4           Sweet said analysts at firms that are not underwriting IPOs often change  
5 forecasts at such times. However, he said it is unusual for analysts at lead  
6 underwriters to make such changes so close to the IPO.

7           "That would be very, very unusual for a book runner to do that," he  
8 said.

9           The lower revenue projection came shortly before the IPO was priced at  
10 \$38 a share, the high end of an already upwardly revised projected range of  
11 \$34-\$38, and before Facebook increased the number of shares being sold by 25  
12 percent.

13           The much-anticipated IPO has performed far below expectations, with  
14 the shares barely staying above the \$38 offer price on their Friday debut and  
15 then plunging on Monday.

16           Companies do not make their own financial forecasts prior to an IPO,  
17 and underwriters are generally barred from issuing recommendations on the  
18 stock until 40 days after it begins trading. Analysts often rely on guidance from  
19 the company in building their forecasts, but companies doing IPOs are not  
20 permitted to give out material information that is not available to all investors.

21           Institutions and major clients generally enjoy quick access to investment  
22 bank research, while retail clients in many cases only get it later. It is unclear  
23 whether Morgan Stanley only told its top clients about the revised view or  
24 spread the word more broadly. The firm declined to comment when asked who  
25 was told about the research.

26           "It's very rare to cut forecasts in the middle of the IPO process," said an  
27 official with a hedge fund firm who received a call from Morgan Stanley about  
28 the revision.

68.    As of the date of the filing of this complaint, the 421 million shares of  
Facebook common stock sold in the IPO are trading at approximately \$31 per share, or \$7 per  
share below the price where plaintiff and the Class purchased \$16 billion worth of Facebook  
stock while defendants pocketed billions of dollars. Plaintiff and the Class have suffered  
losses of more than \$2.5 billion since the IPO.

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**FIRST CLAIM**  
**Violation of Section 11 of The Securities Act**  
**(Against All Defendants)**

69. Plaintiff repeats and realleges each and every allegation contained above, except any allegation of fraud, recklessness or intentional misconduct.

70. This Count is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants.

71. The Registration Statement for the IPO was inaccurate and misleading, contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

72. Facebook is the registrant for the IPO. The Defendants named herein were responsible for the contents and dissemination of the Registration Statement.

73. As issuer of the shares, Facebook is strictly liable to plaintiff and the Class for the misstatements and omissions.

74. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

75. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a person who violated Section 11 of the Securities Act.

76. Plaintiff acquired Facebook shares pursuant and/or traceable to the Registration Statement for the IPO.

77. Plaintiff and the Class have sustained damages. The value of Facebook common stock has declined substantially subsequent to and due to Defendants' violations.



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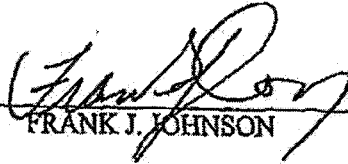
(e) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff demands a trial by jury.

Dated: May 23, 2012

Respectfully Submitted,  
JOHNSON & WEAVER, LLP

By:   
FRANK J. JOHNSON

Attorneys for Plaintiff

AHDOOT & WOLFSON  
A Professional Corporation

**FILED**  
SAN MATEO COUNTY

MAY 23 2012

Clerk of the Superior Court  
By   
DEPUTY CLERK

1 ROBERT AHDOOT, SBN 172098  
2 TINA WOLFSON, SBN 174806  
3 THEODORE MAYA, SBN 223242  
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7 Attorneys for Plaintiff,  
8 JENNIFER STOKES

FILED BY FAX

10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
11 **FOR THE COUNTY OF SAN MATEO**

12 JENNIFER STOKES, Individually and On )  
13 Behalf of All Others Similarly Situated, )

CIV 51 4107

14 Plaintiff, )

CLASS ACTION

15 v. )

COMPLAINT

DEMAND FOR JURY TRIAL

16 )  
17 FACEBOOK, INC., MARK ZUCKERBERG, )  
18 DAVID A. EBERSMAN, DAVID M. )  
19 SPILLANE, MARC L. ANDREESSEN, )  
20 ERSKINE B. BOWLES, JAMES W. )  
21 BREYER, DONALD E. GRAHAM, REED )  
22 HASTINGS, PETER A. THIEL, MORGAN )  
23 STANLEY & CO. LLC, J.P. MORGAN )  
24 SECURITIES LLC, GOLDMAN, SACHS & )  
25 CO., MERRILL LYNCH, PIERCE, FENNER )  
26 & SMITH INCORPORATED, BARCLAYS )  
27 CAPITAL INC., ALLEN & COMPANY )  
28 LLC, CITIGROUP GLOBAL MARKETS )  
INC., CREDIT SUISSE SECURITIES (USA) )  
LLC, DEUTSCHE BANK SECURITIES )  
INC., RBC CAPITAL MARKETS, LLC, )  
BLAYLOCK ROBERT VAN LLC, BMO )  
CAPITAL MARKETS CORP., C.L. KING & )  
ASSOCIATES, INC., CABRERA CAPITAL )

- 1 MARKETS, LLC, CASTLEOAK )
- 2 SECURITIES, L.P., COWEN AND )
- 3 COMPANY, LLC., E\*TRADE SECURITIES )
- 4 LLC, ITAÚ BBA USA SECURITIES, INC., )
- 5 LAZARD CAPITAL MARKETS LLC, )
- 6 LEBENTHAL & CO., LLC, LOOP )
- 7 CAPITAL MARKETS LLC, M.R. BEAL & )
- 8 COMPANY, MACQUARIE CAPITAL )
- 9 (USA) INC., MURIEL SIEBERT & CO., )
- 10 INC., OPPENHEIMER & CO. INC., )
- 11 PACIFIC CREST SECURITIES LLC, PIPER )
- 12 JAFFRAY & CO., RAYMOND JAMES & )
- 13 ASSOCIATES, INC., SAMUEL A. )
- 14 RAMIREZ & COMPANY, INC., STIFEL, )
- 15 NICOLAUS & COMPANY, )
- 16 INCORPORATED, THE WILLIAMS )
- 17 CAPITAL GROUP, L.P., and WILLIAM )
- 18 BLAIR & COMPANY, L.L.C., )

13 Defendants. )

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