

Shareholders Sue Toyota For Drop In Stock Prices

MIAMI (AP) — Toyota shareholders incensed over a sudden drop in the Japanese automaker's stock price are heading to court with lawsuits claiming company executives deliberately misled investors and the public about the depth of accelerator problems in millions of its vehicles.

At least three proposed class-action lawsuits filed by Toyota investors say the company gave false initial assurances that the sudden acceleration problem was a simple matter of floor mats trapping gas pedals, helping prop up the stock price.

The shareholder cases are part of an avalanche of potentially costly lawsuits against Toyota Motor Corp. over the acceleration issue, including those filed by crash victims and their families and those brought by Toyota owners contending their vehicles are worth far less because of the recalls.

The investor lawsuits say Toyota spread misleading information through press releases, conference calls with stock analysts and TV interviews to assure stockholders and the public that the accelerator problem was easily fixed or might be the driver's fault.

Instead, the lawsuits contend, top Toyota executives have known for nearly a decade that faulty electronic throttle controls caused vehicles to sometimes careen wildly out of control but covered it up to protect the company's reputation for safety — and its stock price. The company has not issued any recalls involving flaws in the electronic throttles and has repeatedly denied they are the problem.

U.S.-listed shares rose from just over \$75 on Oct. 5, the day of the floor mat recall, to above \$90 on Jan. 21, when Toyota announced another recall — over gas pedals it says can stick in certain conditions.

After that, the stock price fell, dropping 16 percent as of early March. Shares have since rebounded somewhat, closing Thursday on the New York Stock Exchange at \$79.34, but some investors say the recovery did not prevent them from losing potentially millions of dollars as the stock was dropping.

Since the sticky pedal recall in late January, Toyota's total U.S. market capitalization has fallen 13 percent to \$135.87 billion. In trading on the Tokyo Stock Exchange, Toyota shares also have lost nearly 17 percent of their value since Jan. 21. That's wiped out about 2.27 trillion yen (\$25.1 billion) of the company's market capitalization there.

Toyota declined comment because the cases are pending in court. The company has repeatedly denied its electronic throttle controls are to blame for sudden acceleration.

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In the lawsuits, the shareholders are asking a judge to certify a "class" of plaintiffs that would represent all Toyota shareholders in the U.S. who held company stock on specific dates. If Toyota is found liable, damages could easily run into the hundreds of millions or even billions of dollars.

The shareholder lawsuits are pending in federal court in California, the location of Toyota's North American headquarters.

In one of the lawsuits, Toyota stockholder Harry Stackhouse of Richboro, Pa., contends the company "misled investors by failing to disclose that there was a major design defect in Toyota's acceleration system, which could cause unintended acceleration."

"This drop removed the inflation from Toyota's securities prices, causing real economic loss to investors who had purchased securities," said Stackhouse, who said he bought 40 shares in late 2009 just as the accelerator problems became more widely known.

Stackhouse and the others filing suit — shareholders from Ohio and Tennessee— did not return several telephone calls seeking comment. All three investors filed sworn statements that they did not buy the shares as an excuse to sue the company.

AP Auto Writer Dan Strumpf in New York contributed to this story.

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