BlackBerry Faces Class Action Shareholder Lawsuit

The Associated Press

TORONTO (AP) -- A class action lawsuit has been filed against BlackBerry by a shareholder claiming the company misled investors about its future, including how the BlackBerry 10 smartphone line would fare against competitors.

The lawsuit seeks to represent thousands of shareholders who purchased BlackBerry stock from Sept. 27, 2012, to Sept. 20, 2013, a period in which it alleges executives misrepresented the state of BlackBerry's operations.

Waterloo, Ontario-based BlackBerry, formerly Research In Motion Ltd, misled investors last year by saying that the company was "progressing on its financial and operational commitments," and that previews of its BlackBerry 10 platform were well received by developers, according to shareholder Marvin Pearlstein in a lawsuit filed in a federal court in Manhattan on Friday.

"In reality, the BlackBerry 10 was not well received by the market, and the company was forced to ... lay off approximately 4,500 employees, totaling approximately 40 percent of its total workforce," the complaint alleges.

BlackBerry's CEO Thorsten Heins and Chief Financial Officer Brian Bidulka were also named as defendants.

A representative for BlackBerry declined to comment, saying the company is "reviewing the matter."

BlackBerry disclosed last month that it would book nearly a billion dollars in losses related primarily to the write down of unsold BlackBerry Z10 touchscreen smartphones.

The court filings outline numerous news releases issued by BlackBerry, as well as quarterly conference calls where it alleges executives "deceive the investing public."

The lawsuit claims that the recent tumble in BlackBerry stock was a direct fallout from the executives' misrepresentation of BlackBerry's financial state.

"The timing and magnitude of BlackBerry's stock price decline negates any inference that the loss suffered by the plaintiff and the other class members was caused by changed market conditions, macroeconomic or industry factors," the lawsuit alleges.

Since Sept. 20, when the company first disclosed the massive loss and layoffs,

BlackBerry's share price has tumbled 25 percent on the NASDAQ in New York.

BlackBerry has faced numerous other class action lawsuits in the past.

In 2011, a U.S. judge threw out a lawsuit claiming executives of the company, then known as Research In Motion, misled investors on its financial condition and the prospects for its devices, which included the failed launch of its PlayBook tablet. The case is being appealed by the plaintiffs.

Another class action lawsuit was filed the same year by Montreal-based law firm Consumer Law Group Inc. seeking refunds for the downtime caused by a massive BlackBerry service outage.

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