

CPM Files Shareholder Lawsuit After Yahoo Senior Executives Fail to Disclose Russian Hacks of Customer Accounts

Lawsuit Alleges DOJ Indictments Against Russian Hackers Played Role in Reduced Value of Company
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The DOJ indictment of Russian hackers of Yahoo's user data base caused shareholder Erik Westgaard filed to file a lawsuit in Santa Clara County Superior court on behalf of the Company, and against certain Yahoo officers and directors, relating to the failure to stop and disclose the breaches impacting over five hundred million users. Yahoo has admitted that "senior executives" and legal staff knew about the massive data breach back in 2014 – one of the largest in U.S. history – yet failed to inform impacted users and shareholders until September 2016, **two months after** Yahoo entered into a proposed transaction with Verizon Communications, Inc. ("Verizon") as alleged in the complaint.

In December 2016, Yahoo disclosed for the first time that it had been subject to an even larger hack in 2013, involving one billion users and their sensitive user information. The two attacks are the largest known security breaches of one company's computer network.

In March 2017, the DOJ filed an indictment against Russian hackers in connection to a massive hack of Yahoo information. According to the indictment, "Beginning no later than 2014, the conspirators stole non-content information regarding more than 500 million Yahoo user accounts as a result of their malicious intrusion. The theft of user data was part of a larger intrusion into Yahoo's computer network, which continued to and including at least September 2016."

The Yahoo shareholder is represented by the law firms of Cotchett, Pitre & McCarthy, LLP and **Bottini & Bottini**.

Attorneys

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Practice Areas

Securities / Financial Fraud

Shareholder Rights / Corporate Governance

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Mark Molumphy, who is leading the case at Cotchett, Pitre & McCarthy, said of the conduct, “**The indictment revealed that Yahoo and its users were left vulnerable for the past few years to incursions by hackers. Yahoo’s recent explanation that the board had no knowledge of the breaches until late 2016, at the same time the company’s senior executives and legal staff admittedly knew of the breaches back in 2014, reveals a fundamental breakdown in corporate governance. The board’s alleged lack of knowledge of the hack has had a devastating impact on Yahoo shareholders and users.**”