

## LogMeIn Escapes Investor Suit Over Merger 'Hangover'

By **Brian Dowling**

*Law360 (March 18, 2021, 6:44 PM EDT)* -- LogMeIn's merger with a Citrix Systems spinoff may have been marred by bad customer service, but it didn't rise to the level of securities fraud, a Massachusetts federal judge said Thursday in tossing investor claims against the communications provider.

U.S. District Judge Allison D. Burroughs dismissed a lawsuit leveled against LogMeIn in 2018 in the wake of dismal financial numbers caused by its failure to convince former GetGo Inc. users — who were billed monthly — to convert to LogMeIn's preferred annual subscription plan. The investors focused on the company's admission in July 2018 of "friction" with customers, quoting LogMeIn CEO William Wagner's reference to "hangover effects of last year's merger" as he explained that customers were fleeing the company due to its aggressive business practices.

But Judge Burroughs said that statements by LogMeIn executives about plans to convert GetGo users through incentives and written notices proved neither false nor misleading, and that the facts don't support claims the company was secretly forcing GetGo customers to change payment plans.

The assertions in the lawsuit, led by plaintiff Benjamin Wasson on behalf of all LogMeIn investors, "tell a story of corporate mismanagement and poor customer service but do not make out a viable claim for securities fraud," Judge Burroughs concluded, dismissing the suit with prejudice.

In addition to coming up short on pointing to false or misleading company statements, the lawsuit failed to hit on another essential element, the judge said — showing that the executives intentionally or recklessly misled investors.

Judge Burroughs wrote that the lawsuit's facts lend themselves better to the inference that the company had high hopes to convert customers to its preferred payment plan but miscalculated how hard it could press users before they fled to other services.

The lawsuit, originally filed in California federal court before being transferred to Massachusetts, claimed LogMeIn hid from investors material facts about its merger — announced in July 2016 — with GetGo relating to its plan to aggressively convert GetGo users to LogMeIn's preferred annual payment terms.

According to the lawsuit, the company's July 2018 revelations sent the stock price down more than 25% by the end of the next day.

A similar lawsuit, filed in January 2019 in Massachusetts federal court, was stayed while the litigation played itself out.

Latham & Watkins LLP, whose attorneys represent LogMeIn, said in a statement it is "pleased with the court's thorough reasoning."

Representatives for the proposed class were not immediately available for comment Thursday.

The lead plaintiffs and proposed class are represented by Robert V. Prongay, Charles H. Linehan and Christopher R. Fallon of Glancy Prongay & Murray LLP and Jason M. Leviton of Block & Leviton LLP.

LogMeIn and the other company defendants are represented by William J. Trach, Jeff Hammel and Brian T. Glennon of Latham & Watkins LLP.

The case is Wasson et al. v. LogMeIn et al., case number 1:18-cv-12330, in the U.S. District Court for the District of Massachusetts.

--Editing by Daniel King.