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2  
3 UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

4 \_\_\_\_\_, Individually and On Behalf of  
5 All Others Similarly Situated,

6 Plaintiff,

7 v.

8 SVB FINANCIAL GROUP, GREG  
9 BECKER, and DANIEL BECK,

10 Defendants.  
11

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

12 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others similarly  
13 situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges  
14 the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and  
15 information and belief as to all other matters, based upon, *inter alia*, the investigation conducted  
16 by and through Plaintiff’s attorneys, which included, among other things, a review of the  
17 Defendants’ public documents, conference calls and announcements made by Defendants, United  
18 States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases  
19 published by and regarding SVB Financial Group (“SVB” or the “Company”), analysts’ reports  
20 and advisories about the Company, and information readily obtainable on the Internet. Plaintiff  
21 believes that substantial, additional evidentiary support will exist for the allegations set forth herein  
22 after a reasonable opportunity for discovery.  
23  
24

25 **NATURE OF THE ACTION**

26 1. This is a federal securities class action on behalf of a class consisting of all persons  
27 and entities other than Defendants that purchased or otherwise acquired SVB securities between  
28

1 March 1, 2022 and March 8, 2023, both dates inclusive (the “Class Period”), seeking to recover  
2 damages caused by Defendants’ violations of the federal securities laws and to pursue remedies  
3 under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and  
4 Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

5  
6 2. Throughout the Class Period, Defendants made materially false and misleading  
7 statements regarding the Company’s business, operations, and prospects. Specifically, Defendants  
8 made false and/or misleading statements and/or failed to disclose that: (i) the Company intended  
9 to hold to maturity its available for sale securities; (ii) the Company maintained improper liquidity  
10 controls in relation to deposit withdrawals; (iii) as a result of the foregoing, the Company was  
11 required to sell substantially all its available for sale securities before the maturity date and incur  
12 \$1.8 billion after-tax loss; and (iv) as a result, the Company’s public statements were materially  
13 false and misleading at all relevant times.

14  
15 3. On March 8, 2023, SVB announced its intention to shore up capital after losses on  
16 its securities portfolio and a slowdown in funding. Specifically, SVB disclosed that it would incur  
17 a loss of \$1.8 billion on the sale of \$21 billion worth of securities. The Company also announced  
18 its intention to secure over \$2 billion in funds, comprising \$500 million from General Atlantic, a  
19 private equity firm, and \$1.75 billion via a public offering.

20  
21 4. On this news, SVB’s stock price fell \$161.79 per share, or 60.41%, to close at  
22 \$106.04 per share on March 9, 2023.

23 5. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline  
24 in the market value of the Company’s securities, Plaintiff and other Class members have suffered  
25 significant losses and damages.

1 **JURISDICTION AND VENUE**

2 6. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of  
3 the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the  
4 SEC (17 C.F.R. § 240.10b-5).

5 7. This Court has jurisdiction over the subject matter of this action pursuant to 28  
6 U.S.C. § 1331 and Section 27 of the Exchange Act.

7 8. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act  
8 (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). SVB is headquartered in this Judicial District,  
9 Defendants conduct business in this Judicial District, and a significant portion of Defendants'  
10 activities took place within this Judicial District.

11 9. In connection with the acts alleged in this complaint, Defendants, directly or  
12 indirectly, used the means and instrumentalities of interstate commerce, including, but not limited  
13 to, the mails, interstate telephone communications, and the facilities of the national securities  
14 markets.  
15

16 **PARTIES**

17 10. Plaintiff, as set forth in the attached Certification, acquired SVB securities at  
18 artificially inflated prices during the Class Period and was damaged upon the revelation of the  
19 alleged corrective disclosures.  
20

21 11. Defendant SVB is a Delaware corporation with principal executive offices located  
22 at 3003 Tasman Drive, Santa Clara, California, 95054. SVB's common stock and redeemable  
23 warrants trade in an efficient market the Nasdaq Stock Market ("NASDAQ") under the ticker  
24 symbol "SIVB".  
25

26 12. Defendant Greg Becker ("Becker") has served as the Company's Chief Executive  
27 Officer ("CEO") and President at all relevant times.  
28



1 offer asset management, private wealth management and other investment services. In addition,  
2 through SVB's other subsidiaries and divisions, the Company offers investment banking services  
3 and non-banking products and services, such as funds management and M&A advisory services.

4 **Materially False and Misleading Statements Issued During the Class Period**

5 19. The Class Period begins on March 1, 2022, when SVB filed an annual report on  
6 Form 10-K with the SEC, reporting the Company's financial and operational results for the fiscal  
7 year ended December 31, 2021. In that filing, SVB stated, in relevant part, as follows:  
8

9 **Liquidity**

10 The objective of liquidity management is to ensure that funds are available  
11 in a timely manner to meet our financial obligations, including, as necessary, paying  
12 creditors, meeting depositors' needs, accommodating loan demand and growth,  
13 funding investments, repurchasing securities and other operating or capital needs,  
14 without incurring undue cost or risk, or causing a disruption to normal operating  
15 conditions.

16 We regularly assess the amount and likelihood of projected funding  
17 requirements through a review of factors such as historical deposit volatility and  
18 funding patterns, present and forecasted market and economic conditions,  
19 individual client funding needs, and existing and planned business activities. Our  
20 Asset/Liability Committee ("ALCO"), which is a management committee, provides  
oversight to the liquidity management process and recommends policy guidelines  
for the approval of the Finance Committee of our Board of Directors, and courses  
of action to address our actual and projected liquidity needs. Additionally, we  
routinely conduct liquidity stress testing as part of our liquidity management  
practices.

21 (Emphasis in original.)

22 20. On May 6, 2022, SVB filed a quarterly report on Form 10-Q with the SEC,  
23 reporting the Company's financial and operational results for the quarter ended March 31, 2022.

24 In that filing, SVB stated, in relevant part, as follows:

25 Our client deposits base is, and historically has been our primary source of  
26 liquidity funding. Our deposit levels and cost of deposits may fluctuate from time  
27 to time due to a variety of factors, including market conditions, prevailing interest  
28 rates, changes in client deposit behaviors, availability of insurance protection, and  
our offering of deposit products. We may also offer more investment alternatives  
for our off-balance sheet products which may impact deposit levels. At March 31,

1 2022, our period-end total deposit balances were \$198.1 billion, compared to  
2 \$189.2 billion at December 31, 2021.

3 We maintain a liquidity risk management and monitoring process designed  
4 to ensure appropriate liquidity to meet expected and contingent funding needs under  
5 both normal and stress environments, subject to the regular supervisory review  
6 process. Our liquidity requirements can also be met through the use of our portfolio  
7 of liquid assets. Our definition of liquid assets includes cash and cash equivalents  
8 in excess of the minimum levels necessary to carry out normal business operations,  
9 short-term investment securities maturing within one year, AFS securities eligible  
10 and available for financing or pledging purposes with a maturity in excess of one  
11 year and anticipated near-term cash flows from investments.

12 21. On November 7, 2022, SVB filed a quarterly report on Form 10-Q with the SEC,  
13 reporting the Company's financial and operational results for the quarter ended September 30,  
14 2022. In that filing, SVB stated, in relevant part, as follows:

15 As of September 30, 2022, we identified a total of 804 investments that were in unrealized  
16 loss positions with 289 investments in an unrealized loss position for a period of time  
17 greater than 12 months. Based on our analysis of the securities in an unrealized loss position  
18 as of September 30, 2022, the decline in value is unrelated to credit loss and is related to  
19 changes in market interest rates since purchase, and therefore, changes in value for  
20 securities are included in other comprehensive income. Market valuations and credit loss  
21 analyses on assets in the AFS securities portfolio are reviewed and monitored on a quarterly  
22 basis. **As of September 30, 2022, we do not intend to sell any of our securities in an  
23 unrealized loss position prior to recovery of our amortized cost basis, and it is more  
24 likely than not that we will not be required to sell any of our securities prior to  
25 recovery of our amortized cost basis.** None of the investments in our AFS securities  
26 portfolio were past due as of September 30, 2022.

27 (Emphasis added.)

28 22. The statements referenced in ¶¶ 19-21 were materially false and misleading because  
29 Defendants made false and/or misleading statements, as well as failed to disclose material adverse  
30 facts about the Company's business, operations, and prospects. Specifically, Defendants made  
31 false and/or misleading statements and/or failed to disclose that: (i) the Company intended to hold  
32 to maturity its available for sale securities; (ii) the Company maintained improper liquidity controls  
33 in relation to deposit withdrawals; (iii) as a result of the foregoing, the Company was required to  
34 sell substantially all its available for sale securities before the maturity date and incur \$1.8 billion

1 after-tax loss; and (iv) as a result, the Company’s public statements were materially false and  
2 misleading at all relevant times.

3 **The Truth Emerges**

4 23. On March 8, 2023, SVB announced its intention to shore up capital after losses on  
5 its securities portfolio and a slowdown in funding. Specifically, SVB disclosed that it would  
6 incur a loss of \$1.8 billion on the sale of \$21 billion worth of securities. The Company also  
7 announced its intention to secure over \$2 billion in funds, comprising \$500 million from General  
8 Atlantic, a private equity firm, and \$1.75 billion via a public offering.

9  
10 24. On this news, SVB’s stock price fell \$161.79 per share, or 60.41%, to close at  
11 \$106.04 per share on March 9, 2023.

12  
13 25. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline  
14 in the market value of the Company’s securities, Plaintiff and other Class members have suffered  
15 significant losses and damages.

16 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

17 26. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
18 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise  
19 acquired SVB securities during the Class Period (the “Class”); and were damaged upon the  
20 revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein,  
21 the officers and directors of the Company, at all relevant times, members of their immediate  
22 families and their legal representatives, heirs, successors or assigns and any entity in which  
23 Defendants have or had a controlling interest.

24  
25 27. The members of the Class are so numerous that joinder of all members is  
26 impracticable. Throughout the Class Period, SVB securities were actively traded on the  
27 NSDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can  
28

1 be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or  
2 thousands of members in the proposed Class. Record owners and other members of the Class may  
3 be identified from records maintained by SVB or its transfer agent and may be notified of the  
4 pendency of this action by mail, using the form of notice similar to that customarily used in  
5 securities class actions.

6  
7 28. Plaintiff's claims are typical of the claims of the members of the Class as all  
8 members of the Class are similarly affected by Defendants' wrongful conduct in violation of  
9 federal law that is complained of herein.

10 29. Plaintiff will fairly and adequately protect the interests of the members of the Class  
11 and has retained counsel competent and experienced in class and securities litigation. Plaintiff has  
12 no interests antagonistic to or in conflict with those of the Class.

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

- 16  
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- 18 • whether the federal securities laws were violated by Defendants' acts as alleged  
19 herein;
  - 20 • whether statements made by Defendants to the investing public during the Class  
21 Period misrepresented material facts about the business, operations and  
22 management of SVB;
  - 23 • whether the Individual Defendants caused SVB to issue false and misleading  
24 financial statements during the Class Period;
  - 25 • whether Defendants acted knowingly or recklessly in issuing false and misleading  
26 financial statements;
  - 27 • whether the prices of SVB securities during the Class Period were artificially  
28 inflated because of the Defendants' conduct complained of herein; and
  - whether the members of the Class have sustained damages and, if so, what is the  
proper measure of damages.



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

6  
7           32.     Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-  
8 on-the-market doctrine in that:

- 9           • Defendants made public misrepresentations or failed to disclose material facts  
10           during the Class Period;
- 11           • the omissions and misrepresentations were material;
- 12           • SVB securities are traded in an efficient market;
- 13           • the Company's shares were liquid and traded with moderate to heavy volume  
14           during the Class Period;
- 15           • the Company traded on the NSADAQ and was covered by multiple analysts;
- 16           • the misrepresentations and omissions alleged would tend to induce a reasonable  
17           investor to misjudge the value of the Company's securities; and
- 18           • Plaintiff and members of the Class purchased, acquired and/or sold SVB  
19           securities between the time the Defendants failed to disclose or misrepresented  
20           material facts and the time the true facts were disclosed, without knowledge of  
21           the omitted or misrepresented facts.

22           33.     Based upon the foregoing, Plaintiff and the members of the Class are entitled to a  
23 presumption of reliance upon the integrity of the market.

24           34.     Alternatively, Plaintiff and the members of the Class are entitled to the presumption  
25 of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v.*  
26 *United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in  
27 their Class Period statements in violation of a duty to disclose such information, as detailed above.  
28

1 COUNT I

2 **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder**  
3 **Against All Defendants)**

4 35. Plaintiff repeats and re-alleges each and every allegation contained above as if fully  
5 set forth herein.

6 36. This Count is asserted against Defendants and is based upon Section 10(b) of the  
7 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

8 37. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and  
9 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,  
10 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other  
11 members of the Class; made various untrue statements of material facts and omitted to state  
12 material facts necessary in order to make the statements made, in light of the circumstances under  
13 which they were made, not misleading; and employed devices, schemes and artifices to defraud in  
14 connection with the purchase and sale of securities. Such scheme was intended to, and, throughout  
15 the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members,  
16 as alleged herein; (ii) artificially inflate and maintain the market price of SVB securities; and (iii)  
17 cause Plaintiff and other members of the Class to purchase or otherwise acquire SVB securities  
18 and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course  
19 of conduct, Defendants, and each of them, took the actions set forth herein.

20 38. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the  
21 Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly  
22 and annual reports, SEC filings, press releases and other statements and documents described  
23 above, including statements made to securities analysts and the media that were designed to  
24 influence the market for SVB securities. Such reports, filings, releases and statements were  
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1 materially false and misleading in that they failed to disclose material adverse information and  
2 misrepresented the truth about SVB's finances and business prospects.

3           39. By virtue of their positions at SVB, Defendants had actual knowledge of the  
4 materially false and misleading statements and material omissions alleged herein and intended  
5 thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants  
6 acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose  
7 such facts as would reveal the materially false and misleading nature of the statements made,  
8 although such facts were readily available to Defendants. Said acts and omissions of Defendants  
9 were committed willfully or with reckless disregard for the truth. In addition, each Defendant  
10 knew or recklessly disregarded that material facts were being misrepresented or omitted as  
11 described above.  
12

13           40. Information showing that Defendants acted knowingly or with reckless disregard  
14 for the truth is peculiarly within Defendants' knowledge and control. As the senior managers  
15 and/or directors of SVB, the Individual Defendants had knowledge of the details of SVB's internal  
16 affairs.  
17

18           41. The Individual Defendants are liable both directly and indirectly for the wrongs  
19 complained of herein. Because of their positions of control and authority, the Individual  
20 Defendants were able to and did, directly or indirectly, control the content of the statements of  
21 SVB. As officers and/or directors of a publicly-held company, the Individual Defendants had a  
22 duty to disseminate timely, accurate, and truthful information with respect to SVB's businesses,  
23 operations, future financial condition and future prospects. As a result of the dissemination of the  
24 aforementioned false and misleading reports, releases and public statements, the market price of  
25 SVB securities was artificially inflated throughout the Class Period. In ignorance of the adverse  
26 facts concerning SVB's business and financial condition which were concealed by Defendants,  
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1 Plaintiff and the other members of the Class purchased or otherwise acquired SVB securities at  
2 artificially inflated prices and relied upon the price of the securities, the integrity of the market for  
3 the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

4 42. During the Class Period, SVB securities were traded on an active and efficient  
5 market. Plaintiff and the other members of the Class, relying on the materially false and misleading  
6 statements described herein, which the Defendants made, issued or caused to be disseminated, or  
7 relying upon the integrity of the market, purchased or otherwise acquired shares of SVB securities  
8 at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other  
9 members of the Class known the truth, they would not have purchased or otherwise acquired said  
10 securities, or would not have purchased or otherwise acquired them at the inflated prices that were  
11 paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of  
12 SVB securities was substantially lower than the prices paid by Plaintiff and the other members of  
13 the Class. The market price of SVB securities declined sharply upon public disclosure of the facts  
14 alleged herein to the injury of Plaintiff and Class members.

17 43. By reason of the conduct alleged herein, Defendants knowingly or recklessly,  
18 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5  
19 promulgated thereunder.

21 44. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the  
22 other members of the Class suffered damages in connection with their respective purchases,  
23 acquisitions and sales of the Company's securities during the Class Period, upon the disclosure  
24 that the Company had been disseminating misrepresented financial statements to the investing  
25 public.

26 **COUNT II**

27 **(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)**

1           45. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing  
2 paragraphs as if fully set forth herein.

3           46. During the Class Period, the Individual Defendants participated in the operation  
4 and management of SVB, and conducted and participated, directly and indirectly, in the conduct  
5 of SVB's business affairs. Because of their senior positions, they knew the adverse non-public  
6 information about SVB's misstatement of income and expenses and false financial statements.

7           47. As officers and/or directors of a publicly owned company, the Individual  
8 Defendants had a duty to disseminate accurate and truthful information with respect to SVB's  
9 financial condition and results of operations, and to correct promptly any public statements issued  
10 by SVB which had become materially false or misleading.

11           48. Because of their positions of control and authority as senior officers, the Individual  
12 Defendants were able to, and did, control the contents of the various reports, press releases and  
13 public filings which SVB disseminated in the marketplace during the Class Period concerning  
14 SVB's results of operations. Throughout the Class Period, the Individual Defendants exercised  
15 their power and authority to cause SVB to engage in the wrongful acts complained of herein. The  
16 Individual Defendants, therefore, were "controlling persons" of SVB within the meaning of  
17 Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct  
18 alleged which artificially inflated the market price of SVB securities.

19           49. Each of the Individual Defendants, therefore, acted as a controlling person of SVB.  
20 By reason of their senior management positions and/or being directors of SVB, each of the  
21 Individual Defendants had the power to direct the actions of, and exercised the same to cause, SVB  
22 to engage in the unlawful acts and conduct complained of herein. Each of the Individual  
23 Defendants exercised control over the general operations of SVB and possessed the power to  
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1 control the specific activities which comprise the primary violations about which Plaintiff and the  
2 other members of the Class complain.

3 50. By reason of the above conduct, the Individual Defendants are liable pursuant to  
4 Section 20(a) of the Exchange Act for the violations committed by SVB.

5 **PRAYER FOR RELIEF**

6 **WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

7 A. Determining that the instant action may be maintained as a class action under Rule  
8 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

9 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason  
10 of the acts and transactions alleged herein;

11 C. Awarding Plaintiff and the other members of the Class prejudgment and post-  
12 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

13 D. Awarding such other and further relief as this Court may deem just and proper.

14 **DEMAND FOR TRIAL BY JURY**

15 Plaintiff hereby demands a trial by jury.

16 Dated: \_\_\_\_\_, 2023

17 Respectfully submitted,

18 POMERANTZ LLP

19 */s/ draft*

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