

1 Robert V. Prongay (SBN 270796)
rprongay@glancylaw.com

2 Charles H. Linehan (SBN 307439)
clinehan@glancylaw.com

3 Pavithra Rajesh (SBN 323055)
prajesh@glancylaw.com

4 **GLANCY PRONGAY & MURRAY LLP**

5 1925 Century Park East, Suite 2100

6 Los Angeles, California 90067

7 Telephone: (310) 201-9150

8 Facsimile: (310) 201-9160

9 *Counsel for Plaintiff*

10 **UNITED STATES DISTRICT COURT**

11 **NORTHERN DISTRICT OF CALIFORNIA**

12 ELLIOT SNOOK, Individually and on Behalf
of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 SVB FINANCIAL GROUP, GREG W.
16 BECKER, and DANIEL J. BECK,

17 Defendants.
18

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

1 Plaintiff Elliot Snook (“Plaintiff”), individually and on behalf of all others similarly situated,
2 by and through his attorneys, alleges the following upon information and belief, except as to those
3 allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information
4 and belief is based upon, among other things, his counsel’s investigation, which includes without
5 limitation: (a) review and analysis of regulatory filings made by SVB Financial Group (“SVB” or
6 the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b)
7 review and analysis of press releases and media reports issued by and disseminated by SVB; and (c)
8 review of other publicly available information concerning SVB.

9 **NATURE OF THE ACTION AND OVERVIEW**

10 1. This is a class action on behalf of persons and entities that purchased or otherwise
11 acquired SVB securities between June 16, 2021 and March 10, 2023, inclusive (the “Class Period”).
12 Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the
13 “Exchange Act”).

14 2. SVB is a bank holding company and financial holding company. For reporting
15 purposes, SVB has four reporting segments: Silicon Valley Bank (the “Bank”), SVB Private, SVB
16 Capital, and SVB Securities. The Bank primarily services clients in the technology and life
17 science/healthcare industries, as well as global private equity and venture capital clients.

18 3. On March 8, 2023, SVB announced that it intends to raise more than \$2 billion
19 through offerings of common stock and depository shares and that it had sold approximately \$21
20 billion of its available-for-sale securities, which will result in an after-tax loss of roughly \$1.8 billion
21 in the first quarter of 2023. The Company had taken these actions to “strengthen [its] financial
22 position” after “client cash burn . . . remained elevated and increased further in February, resulting
23 in lower deposits than forecasted.”

24 4. On this news, the Company’s common share price fell \$161.79, or **60.4%**, to close
25 at \$106.04 per share on March 9, 2023, thereby injuring investors.

26 5. On March 9, 2023, Media outlets reported that various venture capital funds had
27 advised their portfolio companies to pull their money out of SVB accounts. In a single day, investors
28 and depositors attempted to pull \$42 billion from the Bank. The run pushed the Bank into insolvency

1 and the Bank was placed into Federal Deposit Insurance Corporation (“FDIC”) receivership on
2 March 10, 2023.

3 6. It quickly emerged that SVB’s collapse was due in part to rapidly rising interest rates.
4 Since 2021, SVB invested substantially in U.S. Treasuries and other government-sponsored debt
5 securities. The Federal Reserve’s interest rate increases “battered the tech startups and venture
6 capital firms Silicon Valley Bank serves, sparking a faster-than-expected decline in deposits that
7 continues to gain steam,” according to media outlets.

8 7. Trading of the Company’s stock had been halted before the market opened on March
9 10, 2023, at which point it had already fallen 34% from the prior day’s closing price during pre-
10 market trading. As of the filing of the complaint, trading remains halted.

11 8. Throughout the Class Period, Defendants made materially false and/or misleading
12 statements, as well as failed to disclose material adverse facts about the Company’s business,
13 operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) that rising
14 interest rates were negatively impacting the Company’s investments in bonds; (2) that, because the
15 Company’s clients were highly concentrated in the areas of tech startups and venture capital-backed
16 companies, SVB was facing unique liquidity risks in an environment with high interest rates; (3)
17 that, as a result of the foregoing, SVB was reasonably likely to require additional capital; and (4)
18 that, as a result of the foregoing, Defendant’s positive statements about the Company’s business,
19 operations, and prospects were materially misleading and/or lacked a reasonable basis.

20 **JURISDICTION AND VENUE**

21 9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act
22 (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §
23 240.10b-5).

24 10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.
25 § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

26 11. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section
27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud
28 or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein,

1 including the dissemination of materially false and/or misleading information, occurred in
2 substantial part in this Judicial District. In addition, the Company's principal executive offices are
3 located in this District.

4 12. In connection with the acts, transactions, and conduct alleged herein, Defendants
5 directly and indirectly used the means and instrumentalities of interstate commerce, including the
6 United States mail, interstate telephone communications, and the facilities of a national securities
7 exchange.

8 **PARTIES**

9 13. Plaintiff Elliot Snook, as set forth in the accompanying certification, incorporated by
10 reference herein, purchased SVB securities during the Class Period, and suffered damages as a result
11 of the federal securities law violations and false and/or misleading statements and/or material
12 omissions alleged herein.

13 14. Defendant SVB is incorporated under the laws of Delaware with its principal
14 executive offices located in Santa Clara, California. SVB's common stock trades on the NASDAQ
15 Stock Market under the symbol "SIVB." SVB's depository shares trade on the NASDAQ Stock
16 Market under the Symbol "SIVBP." Each depository share represents 1/40th ownership interest in
17 a share of 5.250% fixed-rate non-cumulative perpetual preferred stock, Series A.

18 15. Defendant Greg W. Becker ("Becker") was the Company's Chief Executive Officer
19 ("CEO") at all relevant times.

20 16. Defendant Daniel J. Beck ("Beck") was the Company's Chief Financial Officer
21 ("CFO") at all relevant times.

22 17. Defendants Becker and Beck (collectively the "Individual Defendants"), because of
23 their positions with the Company, possessed the power and authority to control the contents of the
24 Company's reports to the SEC, press releases and presentations to securities analysts, money and
25 portfolio managers and institutional investors, i.e., the market. The Individual Defendants were
26 provided with copies of the Company's reports and press releases alleged herein to be misleading
27 prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance
28 or cause them to be corrected. Because of their positions and access to material non-public

1 information available to them, the Individual Defendants knew that the adverse facts specified
2 herein had not been disclosed to, and were being concealed from, the public, and that the positive
3 representations which were being made were then materially false and/or misleading. The
4 Individual Defendants are liable for the false statements pleaded herein.

5 **SUBSTANTIVE ALLEGATIONS**

6 **Background**

7 18. SVB is a bank holding company and financial holding company. For reporting
8 purposes, SVB has four reporting segments: Silicon Valley Bank (the “Bank”), SVB Private, SVB
9 Capital, and SVB Securities. The Bank primarily services clients in the technology and life
10 science/healthcare industries, as well as global private equity and venture capital clients.

11 19. On June 16, 2021, the Chairman of the United States Federal Reserve (the “Fed”),
12 Jerome (“Jay”) Powell, provided remarks regarding, among other things, future interest rate hikes.
13 He also discussed future action that the Fed would be willing to take to combat inflation, including
14 by raising interest rates. Powell’s remarks were widely reported. On June 16, 2021, *The Financial*
15 *Times* released an article entitled “Fed signals first rate rise will come in 2023.”

16 20. On March 7, 2023, it was announced that the Federal Reserve would raise interest
17 rates to higher levels than previously considered, and at faster rates. On March 7, 2023, *The New*
18 *York Times* released an article entitled “Fed Chair Opens Door to Faster Rate Moves and a Higher
19 Peak.” The article quoted Powell, who told the U.S. Senate Banking Committee “[t]he process of
20 getting inflation back down to 2 percent has a long way to go and is likely to be bumpy[.] The latest
21 economic data have come in stronger than expected, which suggests that the ultimate level of interest
22 rates is likely to be higher than previously anticipated.”

23 **Materially False and Misleading**

24 **Statements Issued During the Class Period**

25 21. On August 6, 2021, SVB filed with the SEC its quarterly report on Form 10-Q for
26 the period ended June 30, 2021 (the “2Q21 10-Q”)¹. Attached to the 2Q21 10-Q were certifications
27

28 ¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

1 pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Becker and Beck
2 attesting to the accuracy of financial reporting, the disclosure of any material changes to the
3 Company’s internal control over financial reporting, and the disclosure of all fraud.

4 22. The 2Q21 10-Q did not disclose the risk that future interest rate hikes posed to the
5 Company’s business, despite the Fed signaling that it might raise interest rates in the future, and was
6 certainly prepared to do so in the event of rising inflation. The 2Q21 20-Q stated, in pertinent part,
7 “[t]here are no material changes to the risk factors set forth in our 2020 Annual Report on Form 10-
8 K.” (the “2020 10-K”).

9 23. The 2020 10-K, incorporated by reference, understated the risks posed to the
10 Company by not disclosing that likely interest rate hikes, as outlined by the Fed, had the potential
11 to cause irrevocable damage to the Company. The 2020 10-K stated, in general terms, “[o]ur interest
12 rate spread has and may continue to decline in the future. Any material reduction in our interest rate
13 spread could have a material adverse effect on our business, results of operations or financial
14 condition.” Further, “[l]iquidity risk could impair our ability to fund operations and jeopardize our
15 financial condition.”

16 24. On November 8, 2021, SVB filed with the SEC its quarterly report on Form 10-Q
17 for the period ended September 30, 2021 (the “3Q21 10-Q”). Attached to the 3Q21 10-Q were
18 certifications pursuant to SOX signed by Defendants Becker and Beck attesting to the accuracy of
19 financial reporting, the disclosure of any material changes to the Company’s internal control over
20 financial reporting, and the disclosure of all fraud.

21 25. The 3Q21 10-Q did not disclose the risk that future interest rate hikes posed to the
22 Company’s business, despite the Fed signaling that it might raise interest rates in the future, and was
23 certainly prepared to do so in the event of rising inflation. The 3Q21 10-Q stated, in pertinent part,
24 “[t]here are no material changes to the risk factors set forth in our 2020 Annual Report on Form 10-
25 K.”

26 26. On March 1, 2022, SVB filed with the SEC its annual report on Form 10-K for the
27 period ended December 31, 2021 (the “2021 10-K”). Attached to the 2021 10-K were certifications
28 pursuant to SOX signed by Defendants Becker and Beck attesting to the accuracy of financial

1 reporting, the disclosure of any material changes to the Company’s internal control over financial
2 reporting, and the disclosure of all fraud.

3 27. The 2021 10-K understated the risks posed to the Company by not disclosing that
4 likely interest rate hikes had the potential to cause irrevocable damage to the Company. Specifically,
5 the 2021 10-K stated, “[o]ur interest rate spread may decline in the future. Any material reduction
6 in our interest rate spread could have a material adverse effect on our business, results of operations
7 or financial condition.” Further, “[l]iquidity risk could impair our ability to fund operations and
8 jeopardize our financial condition.”

9 28. On May 6, 2022, SVB filed with the SEC its quarterly report on Form 10-Q for the
10 period ended March 31, 2022 (the “1Q22 10-Q”). Attached to the 1Q22 10-Q were certifications
11 pursuant to SOX signed by Defendants Becker and Beck attesting to the accuracy of financial
12 reporting, the disclosure of any material changes to the Company’s internal control over financial
13 reporting, and the disclosure of all fraud. The 1Q22 10-Q stated, in pertinent part, “[t]here are no
14 material changes to the risk factors set forth in our 2021 Annual Report on Form 10-K.” (the “2021
15 10-K”).

16 29. On August 8, 2022, SVB filed with the SEC its quarterly report on Form 10-Q for
17 the period ended June 30, 2022 (the “2Q22 10-Q”). Attached to the 2Q22 10-Q were certifications
18 pursuant to SOX signed by Defendants Becker and Beck attesting to the accuracy of financial
19 reporting, the disclosure of any material changes to the Company’s internal control over financial
20 reporting, and the disclosure of all fraud. The 2Q22 10-Q stated, in pertinent part, “[t]here are no
21 material changes to the risk factors set forth in our 2021 Annual Report on Form 10-K.” (the “2021
22 10-K”).

23 30. On November 7, 2022, SVB filed with the SEC its quarterly report on Form 10-Q
24 for the period ended September 30, 2022 (the “3Q22 10-Q”). Attached to the 3Q22 10-Q were
25 certifications pursuant to SOX signed by Defendants Becker and Beck attesting to the accuracy of
26 financial reporting, the disclosure of any material changes to the Company’s internal control over
27 financial reporting, and the disclosure of all fraud. The 3Q22 10-Q stated, in pertinent part, “[t]here
28

1 are no material changes to the risk factors set forth in our 2021 Annual Report on Form 10-K.” (the
2 “2021 10-K”).

3 31. On January 19, 2023, SVB announced its fourth quarter 2022 financial results in a
4 press release that stated that the Company was “well positioned with a strong balance sheet and the
5 resources and expertise to manage successfully through the current environment.” The press release
6 stated, in greater part:

7 “In the fourth quarter, *client cash burn and the pace of VC investment decline both*
8 *moderated*. We saw solid growth in loans and core fees, better-than-expected net
9 interest income, and healthy investment banking activity driven by Biopharma
10 deals,” said Greg Becker, President and CEO of SVB Financial Group. “While
11 broader market conditions are limiting growth and driving somewhat higher credit
12 costs, we continue to see strength in our underlying business, and a balance by our
13 clients between near-term expense discipline and preparation for a return to
14 investment and deployment. *Until that shift occurs, we believe we remain well*
15 *positioned with a strong balance sheet and the resources and expertise to manage*
16 *successfully through the current environment.”*

12 * * *

13 Average Total Client Funds decreased by \$20.8 billion to \$347.6 billion for the fourth
14 quarter of 2022, compared to \$368.4 billion for the third quarter of 2022. Period-end
15 Total Client Funds decreased \$12.2 billion to \$341.5 billion at December 31, 2022,
16 compared to \$353.7 billion at September 30, 2022. *Both client cash burn and the*
17 *pace of decline in VC investment moderated during the fourth quarter of 2022*
18 *which reduced quarter over quarter period-end declines.*

19 32. On February 24, 2023, the Company filed its annual Form 10-K with the SEC for the
20 period ended December 31, 2022 (the “2022 10-K”). Attached to the 2022 10-K were certifications
21 pursuant to SOX signed by Defendants Becker and Beck attesting to the accuracy of financial
22 reporting, the disclosure of any material changes to the Company’s internal control over financial
23 reporting, and the disclosure of all fraud.

24 33. The 2022 10-K reported that SVB held \$26.1 billion in available-for-sale (“AFS”)
25 securities at period-end. Regarding risks related to interest rates, the 2022 10-K stated, in relevant
26 part:

27 *Our interest rate spread may further decline in the future. Any material reduction*
28 *in our interest rate spread could have a material adverse effect on our business,*
results of operations or financial condition.

A significant portion of our net income comes from our interest rate spread, which is
the difference between the interest rates paid by us on interest-bearing liabilities,
such as deposits and wholesale borrowings, and the interest rates and fees we receive

1 on our interest-earning assets, such as loans extended to our clients, securities held
2 in our investment portfolio and excess cash held to manage short-term liquidity. Our
3 interest rate spread can be affected by the mix of loans, investment securities,
4 deposits and other liabilities on our balance sheet, as well as a variety of external
5 factors beyond our control that affect interest rate levels, such as competition,
6 inflation, recession, global economic disruptions, unemployment and the fiscal and
7 monetary policies of various governmental bodies, such as the Federal Reserve. For
8 example, changes in key variable market interest rates, such as the Federal Funds,
9 National Prime (“Prime”), LIBOR, SOFR or Treasury rates, generally impact our
10 interest rate spread. While changes in interest rates do not generally produce
11 equivalent changes in the revenues earned from our interest-earning assets and the
12 expenses associated with our interest-bearing liabilities, increases in market interest
13 rates may cause, and have caused, our interest rate spread to increase, at least
14 temporarily. Conversely, if interest rates decline, our interest rate spread may
15 decline.

9 The Federal Reserve raised benchmark interest rates throughout 2022 and may
10 continue to raise interest rates in response to economic conditions, particularly
11 inflationary pressures. ***Continued increases in interest rates to combat inflation or
12 otherwise may have unpredictable effects or minimize gains on our interest rate
13 spread.*** For example, increases in interest rates may result in increases in the number
14 of delinquencies, bankruptcies or defaults by clients and more nonperforming assets
15 and net charge-offs, decreases in deposit levels, decreases to the demand for interest
16 rate-based products and services, including loans, changes to the level of off-balance
17 sheet market-based investments preferred by our clients, and a change in the mix of
18 our noninterest and interest-bearing accounts, each of which may reduce our interest
19 rate spread. Further, increases in short-term interest rates have in the past increased,
20 and may in the future increase, the Company’s cost of short-term funding. On the
21 other hand, if the Federal Reserve reverses its course and lowers the target Federal
22 Funds rate, low rates could constrain our interest rate spread and may adversely affect
23 our business forecasts. In addition to affecting interest rate spreads, increased interest
24 rates can have a material effect on the Company’s business and profitability in other
25 ways, including by decreasing the value of the Company’s investment securities,
26 shifting our deposit mix in favor of interest-bearing deposits, and/or increasing the
27 frequency of pricing of interest-bearing deposits. ***For instance, increases in interest
28 rates have resulted, and may continue to result in, decreases in the fair value of
our AFS fixed income investment portfolio*** and increases in the pricing frequency
and proportion of interest-bearing deposits, while unrealized losses to our HTM fixed
income investment portfolio may, among other effects, make an acquisition of the
Company more costly or less likely. We are unable to predict changes in interest
rates, which are affected by factors beyond our control, including inflation, deflation,
recession, unemployment, money supply, and other changes in financial markets.

(First emphasis in original.)

23 34. Furthermore, the 2022 10-K stated, “[I]liquidity risk could impair our ability to fund
24 operations and jeopardize our financial condition.”

25 35. The above statements identified in ¶¶21-34 were materially false and/or misleading,
26 and failed to disclose material adverse facts about the Company’s business, operations, and
27 prospects. Specifically, Defendants failed to disclose to investors: (1) that rising interest rates were
28

1 negatively impacting the Company's investments in bonds; (2) that, because the Company's clients
2 were highly concentrated in the areas of tech startups and venture capital-backed companies, SVB
3 was facing unique liquidity risks in an environment with high interest rates; (3) that, as a result of
4 the foregoing, SVB was reasonably likely to require additional capital; and (4) that, as a result of
5 the foregoing, Defendant's positive statements about the Company's business, operations, and
6 prospects were materially misleading and/or lacked a reasonable basis.

7 **Disclosures at the End of the Class Period**

8 36. On March 8, 2023, after the market closed, SVB issued a press release announcing a
9 proposed offering of \$1.25 billion of common stock and a proposed offering of \$500 million
10 depositary shares, each representing a 1/20th interest in a share of its Series F Mandatory
11 Convertible Preferred Stock, liquidation preference \$1,000 per share and par value. SVB entered a
12 subscription agreement with General Atlantic to purchase \$500 million of common stock at the
13 public offering price. SVB intended to grant the underwriters the option to purchase up to an
14 additional \$187.5 million of common stock and up to an additional \$75 million in depositary shares.

15 37. In the same press release, the Company also stated that it had sold \$21 billion of its
16 available-for-sale securities, which would result in an "after tax loss of approximately \$1.8 billion
17 in the first quarter of 2023."

18 38. The same day, the Company also provided a mid-quarter update. The presentation
19 slides and a related Letter to Stakeholders were posted to SVB's investor relations page. The Letter
20 to Stakeholders explained that these were "strategic actions to strengthen [SVB's] financial
21 position" because the Company "expect[s] continued higher interest rates, pressured public and
22 private markets, and elevated cash burn levels from our clients as they invest in their businesses."
23 The Letter further stated, in relevant part:

24 During our public investor call in January, we forecasted a continued challenging
25 market and interest rate environment. We expected continued slow public markets,
26 further declines in venture capital deployment, and a continued elevated cash burn in
the first half of 2023, with modest declines in the second half.

27 While VC deployment has tracked our expectations, *client cash burn has remained*
28 *elevated and increased further in February, resulting in lower deposits than*
forecasted. The related shift in our funding mix to more, higher-cost deposits and

1 short-term borrowings, coupled with higher interest rates, continues to pressure NII
2 and NIM.

3 During that period, we have also seen strong core fee income, consistent with our
4 expectations, as the higher rate environment continues to support client investment
5 fee margins. Credit also remains within our guidance. We continue to see healthy
6 technology borrowing as clients opt for debt over equity, but loan balances overall
7 remain pressured by Global Fund Banking paydowns due to slower VC and PE
8 investment.

9 We have revised our guidance to reflect these changes in our expectations. We
10 lowered our first quarter and full-year outlook for deposits, NII, NIM, SVB
11 Securities and expenses, while increasing our full year outlook for core fee income.
12 Our revised guidance assumes the current market dynamics impacting our business
13 continue through the end of 2023.

14 While it impacts our guidance in the near term, we believe the repositioning of our
15 balance sheet positions SVB for improved profitability in 2024 and beyond.

16 39. On this news, the Company's common share price fell \$161.79, or **60.4%**, to close
17 at \$106.04 per share on March 9, 2023, thereby injuring investors.

18 40. On March 9, 2023, media outlets reported that, in response to this news, various
19 venture capital funds had advised their portfolio companies to pull their money out of SVB accounts.
20 For example, *Bloomberg* reported that Peter Thiel's Founders Fund had "advised companies to pull
21 money from Silicon Valley Bank amid concerns about its financial stability, according to people
22 familiar with the situation."

23 41. It quickly emerged that SVB's collapse was due in part to rapidly rising interest rates.
24 On March 9, 2023, *The Wall Street Journal* released an article entitled "Banks Lose Billions in
25 Value After Tech Lender SVB Stumbles." The article stated, in pertinent part "Thursday's rout (in
26 reference to broad declines in stock prices across the bank sector) is another consequence of the
27 Federal Reserve's aggressive campaign to control inflation. Rising interest rates have caused the
28 value of existing bonds with lower payouts to fall in value. Banks own a lot of those bonds, including
Treasury's, and are now sitting on giant unrealized losses."

42. The same article stated, "[t]he bank's (SVB) assets and deposits almost doubled in
2021, large amounts of which SVB poured into U.S. Treasuries and other government-sponsored
debt securities. Soon after, the Fed began raising rates. ***That battered the tech startups and venture-***

1 *capital firms Silicon Valley Bank serves, sparking a faster-than-expected decline in deposits that*
2 *continues to gain steam.”*

3 43. On March 9, 2023, *Markets Insider* (affiliated with *Business Insider*) released an
4 article entitled “SVB plummets 60% after higher interest rates spark billions in losses on a \$21
5 billion bond portfolio.” The article stated, in pertinent part:

6 *The big losses experienced by the bank are directly related to the surge in interest rates*
7 *over the past year, as the company’s US Treasury holdings were bought at a time when*
8 *interest rates were still relatively low. Bond prices fall as yields rise.*

9 *According to SVB Financial’s updated investor deck, the company’s \$21 billion*
10 *bond portfolio had a yield of 1.79% and a duration of 3.6 years. Today, the 3-Year*
11 *US Treasury note yields 4.7%, a far-cry from the levels at which the bank bought*
12 *the Treasury notes prior to 2022. But with the IPO market essentially closed over*
13 *the past year, SVB Financial has seen an ongoing decline in deposits.*

14 *Also hurting SVB Financial is the fact that it mainly lends to venture capital and*
15 *private tech companies that often rely on the IPO market to cash in their equity*
16 *stakes and raise money that is often held at the bank, helping boost its deposits.*

17 44. On March 10, 2023, NASDAQ halted trading of SVB’s stock “at 8:35:18 Eastern
18 Time for ‘news dissemination’ from the company at a last sale price of \$106.64 (Nasdaq: SIVB),
19 and \$15.23 (Nasdaq: SIVBP).” At the time, the Company’s stock had fallen 34% from the prior
20 day’s closing price.

21 45. The same day, the FDIC announced that the Bank had been closed by the California
22 Department of Financial Protection and Innovation and the FDIC had been appointed as the receiver.
23 According to the Order Taking Possession of Property and Business, investors and depositors had
24 attempted to withdraw \$42 billion on March 9, pushing the Bank into insolvency. Specifically:

25 On March 8, 2023, the Bank announced a loss of approximately \$1.8 billion from a
26 sale of investments (U.S. treasuries and mortgage-backed securities). On March 8,
27 2023, the Bank’s holding company announced it was conducting a capital raise.
28 Despite the bank being in sound financial condition prior to March 9, 2023, investors
and depositors reacted by initiating withdrawals of \$42 billion in deposits from the
Bank on March 9, 2023, causing a run on the Bank. *As of the close of business on*
March 9, the bank had a negative cash balance of approximately \$958 million.
Despite attempts from the Bank, with the assistance of regulators, to transfer
collateral from various sources, the Bank did not meet its cash letter with the Federal
Reserve. *The precipitous deposit withdrawal has caused the Bank to be incapable*
of paying its obligations as they come due, and the bank is now insolvent.

46. The same day, SVB filed a Form 8-K stating that it had “terminated its previously
announced equity offerings.”

1 47. Also on March 10, 2023, *Bloomberg* reported that Defendant Becker had sold \$3.6
2 million worth of SVB stock on February 27, 2023—the first time in more than a year that he had
3 sold his shares. He purportedly sold the shares pursuant to a Rule 10b5-1 plan filed on January 26,
4 2023. But, as the article quoted from Dan Taylor, professor at University of Pennsylvania’s Wharton
5 School who studies corporate trading disclosures: “While Becker may not have anticipated the bank
6 run on Jan. 26 when he adopted the plan, the capital raise is material. If they were in discussion for
7 a capital raise at the time the plan was adopted, that is highly problematic.”

8 48. On March 11, 2023, *Reuters* reported that the capital raise had been prompted by
9 news that Moody’s was preparing to downgrade the bank’s credit. The article stated that “[i]n the
10 middle of last week,” Moody’s informed SVB’s management that the ratings firm was preparing to
11 downgrade the bank’s credit “after the value of the bonds where SVB had parked its money fell due
12 to the higher interest rates.” Management then met with bankers and decided to boost the value of
13 SVB’s holdings by selling \$20 billion worth of low-yield bonds and reinvesting the proceeds in
14 assets that deliver higher returns. “The transaction would generate a loss, but if SVB could fill that
15 funding hole by selling shares, it would avoid a multi-notch downgrade, the sources said.” The
16 article laid out the unfolding of events:

17 As SVB executives debated when to proceed with the fundraising, they heard from
18 Moody’s that the downgrade was coming this week, the sources said.

19 SVB sprang into action in the hopes of softening the blow.

20 The bank lined up private equity firm General Atlantic, which agreed to buy \$500
21 million of the \$2.25 billion stock sale, while another investor said it could not reach
22 a deal on SVB’s timeline, the sources said.

23 By Wednesday, SVB had sold the bond portfolio for a \$1.8 billion loss.

24 Moody’s downgraded the bank, but only by a notch because of SVB’s bond portfolio
25 sale and plan to raise capital.

26 Ideally, the stock sale would have been completed by before the market opened on
27 Thursday, to avoid the sale being jeopardized by any declines in SVB’s shares once
28 news of the sale got out. But the sources said that was not an option given the tight
schedule.

 SVB had not done the preparatory work needed to sign confidentiality agreements
with investors who would commit to a deal of such a size. Its lawyers advised the
bank that investors would need at least 24 hours to digest new downbeat financial
projections and complete the sale, the sources said.

1 Reuters could not determine why SVB did not start those preparations earlier.

2 SVB’s stock plunged on news of the share sale, ending Thursday down 60% at
3 \$106.04. Goldman Sachs bankers still hoped they could close the sale at \$95, the
sources said.

4 Then news came of venture capital firms advising startups they had invested in to
5 pull money out of Silicon Valley Bank for fear of an imminent bank run.

6 This quickly became a self-fulfilling prophecy: General Atlantic and other investors
walked away and the stock sale collapsed.

7 General Atlantic did not respond to a request for comment.

8 California banking regulators closed the bank on Friday and appointed the Federal
9 Deposit Insurance Corporation (FDIC) receiver. The FDIC will dispose of its assets.

10 49. On March 14, 2023, *The Wall Street Journal* published an article reporting that the
Justice Department and the Securities and Exchange Commission are investigating the collapse of
11 Silicon Valley Bank. The article also reported that, “[t]he investigations are also examining stock
12 sales that SVB Financial’s officers made days before the bank failed, the people said.” Specifically,
13 “[s]ecurities filings show Mr. Becker and Mr. Beck . . . both sold shares the week before the bank
14 collapsed.” Defendant Becker exercised options and sold the shares the same day for a net profit of
15 \$2.3 million, and Defendant Beck sold \$575,000 worth of shares, equivalent to one-third of his
16 holdings in the company.

17 50. As of the filing of the complaint, the Company’s stock remains halted.

18 **CLASS ACTION ALLEGATIONS**

19 51. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
20 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased
21 or otherwise acquired SVB securities between June 16, 2021 and March 10, 2023, inclusive, and
22 who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and
23 directors of the Company, at all relevant times, members of their immediate families and their legal
24 representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a
25 controlling interest.

26 52. The members of the Class are so numerous that joinder of all members is
27 impracticable. Throughout the Class Period, SVB’s shares actively traded on the NASDAQ. While
28

1 the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained
2 through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of
3 members in the proposed Class. Millions of SVB shares were traded publicly during the Class
4 Period on the NASDAQ. Record owners and other members of the Class may be identified from
5 records maintained by SVB or its transfer agent and may be notified of the pendency of this action
6 by mail, using the form of notice similar to that customarily used in securities class actions.

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

10 54. 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.

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

15 (a) whether the federal securities laws were violated by Defendants' acts as
16 alleged herein;

17 (b) whether statements made by Defendants to the investing public during the
18 Class Period omitted and/or misrepresented material facts about the business, operations, and
19 prospects of SVB; and

20 (c) to what extent the members of the Class have sustained damages and the
21 proper measure of damages.

22 56. A class action is superior to all other available methods for the fair and efficient
23 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
24 damages suffered by individual Class members may be relatively small, the expense and burden of
25 individual litigation makes it impossible for members of the Class to individually redress the wrongs
26 done to them. There will be no difficulty in the management of this action as a class action.

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1 **UNDISCLOSED ADVERSE FACTS**

2 57. The market for SVB’s securities was open, well-developed and efficient at all
3 relevant times. As a result of these materially false and/or misleading statements, and/or failures to
4 disclose, SVB’s securities traded at artificially inflated prices during the Class Period. Plaintiff and
5 other members of the Class purchased or otherwise acquired SVB’s securities relying upon the
6 integrity of the market price of the Company’s securities and market information relating to SVB,
7 and have been damaged thereby.

8 58. During the Class Period, Defendants materially misled the investing public, thereby
9 inflating the price of SVB’s securities, by publicly issuing false and/or misleading statements and/or
10 omitting to disclose material facts necessary to make Defendants’ statements, as set forth herein,
11 not false and/or misleading. The statements and omissions were materially false and/or misleading
12 because they failed to disclose material adverse information and/or misrepresented the truth about
13 SVB’s business, operations, and prospects as alleged herein.

14 59. At all relevant times, the material misrepresentations and omissions particularized in
15 this Complaint directly or proximately caused or were a substantial contributing cause of the
16 damages sustained by Plaintiff and other members of the Class. As described herein, during the
17 Class Period, Defendants made or caused to be made a series of materially false and/or misleading
18 statements about SVB’s financial well-being and prospects. These material misstatements and/or
19 omissions had the cause and effect of creating in the market an unrealistically positive assessment
20 of the Company and its financial well-being and prospects, thus causing the Company’s securities
21 to be overvalued and artificially inflated at all relevant times. Defendants’ materially false and/or
22 misleading statements during the Class Period resulted in Plaintiff and other members of the Class
23 purchasing the Company’s securities at artificially inflated prices, thus causing the damages
24 complained of herein when the truth was revealed.

25 **LOSS CAUSATION**

26 60. Defendants’ wrongful conduct, as alleged herein, directly and proximately caused
27 the economic loss suffered by Plaintiff and the Class.

1 sustained by Plaintiff and other members of the Class. As described herein, during the Class Period,
2 Defendants made or caused to be made a series of materially false and/or misleading statements
3 about SVB's business, prospects, and operations. These material misstatements and/or omissions
4 created an unrealistically positive assessment of SVB and its business, operations, and prospects,
5 thus causing the price of the Company's securities to be artificially inflated at all relevant times, and
6 when disclosed, negatively affected the value of the Company shares. Defendants' materially false
7 and/or misleading statements during the Class Period resulted in Plaintiff and other members of the
8 Class purchasing the Company's securities at such artificially inflated prices, and each of them has
9 been damaged as a result.

10 65. At all relevant times, the market for SVB's securities was an efficient market for the
11 following reasons, among others:

12 (a) SVB shares met the requirements for listing, and was listed and actively
13 traded on the NASDAQ, a highly efficient and automated market;

14 (b) As a regulated issuer, SVB filed periodic public reports with the SEC and/or
15 the NASDAQ;

16 (c) SVB regularly communicated with public investors via established market
17 communication mechanisms, including through regular dissemination of press releases on the
18 national circuits of major newswire services and through other wide-ranging public disclosures,
19 such as communications with the financial press and other similar reporting services; and/or

20 (d) SVB was followed by securities analysts employed by brokerage firms who
21 wrote reports about the Company, and these reports were distributed to the sales force and certain
22 customers of their respective brokerage firms. Each of these reports was publicly available and
23 entered the public marketplace.

24 66. As a result of the foregoing, the market for SVB's securities promptly digested
25 current information regarding SVB from all publicly available sources and reflected such
26 information in SVB's share price. Under these circumstances, all purchasers of SVB's securities
27 during the Class Period suffered similar injury through their purchase of SVB's securities at
28 artificially inflated prices and a presumption of reliance applies.

1 **FIRST CLAIM**

2 **Violation of Section 10(b) of The Exchange Act and**

3 **Rule 10b-5 Promulgated Thereunder**

4 **Against All Defendants**

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

7 70. During the Class Period, Defendants carried out a plan, scheme and course of conduct
8 which was intended to and, throughout the Class Period, did: (i) deceive the investing public,
9 including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other
10 members of the Class to purchase SVB's securities at artificially inflated prices. In furtherance of
11 this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions
12 set forth herein.

13 71. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue
14 statements of material fact and/or omitted to state material facts necessary to make the statements
15 not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a
16 fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially
17 high market prices for SVB's securities in violation of Section 10(b) of the Exchange Act and Rule
18 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct
19 charged herein or as controlling persons as alleged below.

20 72. Defendants, individually and in concert, directly and indirectly, by the use, means or
21 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a
22 continuous course of conduct to conceal adverse material information about SVB's financial well-
23 being and prospects, as specified herein.

24 73. Defendants employed devices, schemes and artifices to defraud, while in possession
25 of material adverse non-public information and engaged in acts, practices, and a course of conduct
26 as alleged herein in an effort to assure investors of SVB's value and performance and continued
27 substantial growth, which included the making of, or the participation in the making of, untrue
28 statements of material facts and/or omitting to state material facts necessary in order to make the

1 statements made about SVB and its business operations and future prospects in light of the
2 circumstances under which they were made, not misleading, as set forth more particularly herein,
3 and engaged in transactions, practices and a course of business which operated as a fraud and deceit
4 upon the purchasers of the Company's securities during the Class Period.

5 74. Each of the Individual Defendants' primary liability and controlling person liability
6 arises from the following facts: (i) the Individual Defendants were high-level executives and/or
7 directors at the Company during the Class Period and members of the Company's management team
8 or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities
9 as a senior officer and/or director of the Company, was privy to and participated in the creation,
10 development and reporting of the Company's internal budgets, plans, projections and/or reports;
11 (iii) each of these defendants enjoyed significant personal contact and familiarity with the other
12 defendants and was advised of, and had access to, other members of the Company's management
13 team, internal reports and other data and information about the Company's finances, operations, and
14 sales at all relevant times; and (iv) each of these defendants was aware of the Company's
15 dissemination of information to the investing public which they knew and/or recklessly disregarded
16 was materially false and misleading.

17 75. Defendants had actual knowledge of the misrepresentations and/or omissions of
18 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to
19 ascertain and to disclose such facts, even though such facts were available to them. Such defendants'
20 material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose
21 and effect of concealing SVB's financial well-being and prospects from the investing public and
22 supporting the artificially inflated price of its securities. As demonstrated by Defendants'
23 overstatements and/or misstatements of the Company's business, operations, financial well-being,
24 and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the
25 misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by
26 deliberately refraining from taking those steps necessary to discover whether those statements were
27 false or misleading.

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1 ownership and contractual rights, participation in, and/or awareness of the Company's operations
2 and intimate knowledge of the false financial statements filed by the Company with the SEC and
3 disseminated to the investing public, Individual Defendants had the power to influence and control
4 and did influence and control, directly or indirectly, the decision-making of the Company, including
5 the content and dissemination of the various statements which Plaintiff contends are false and
6 misleading. Individual Defendants were provided with or had unlimited access to copies of the
7 Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be
8 misleading prior to and/or shortly after these statements were issued and had the ability to prevent
9 the issuance of the statements or cause the statements to be corrected.

10 82. In particular, Individual Defendants had direct and supervisory involvement in the
11 day-to-day operations of the Company and, therefore, had the power to control or influence the
12 particular transactions giving rise to the securities violations as alleged herein, and exercised the
13 same.

14 83. As set forth above, SVB and Individual Defendants each violated Section 10(b) and
15 Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as
16 controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.
17 As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of
18 the Class suffered damages in connection with their purchases of the Company's securities during
19 the Class Period.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

22 (a) Determining that this action is a proper class action under Rule 23 of the Federal
23 Rules of Civil Procedure;

24 (b) Awarding compensatory damages in favor of Plaintiff and the other Class members
25 against all defendants, jointly and severally, for all damages sustained as a result of Defendants'
26 wrongdoing, in an amount to be proven at trial, including interest thereon;

27 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this
28 action, including counsel fees and expert fees; and

1 (d) Such other and further relief as the Court may deem just and proper.

2 **JURY TRIAL DEMANDED**

3 Plaintiff hereby demands a trial by jury.

4 Dated: March 15, 2023

By: /s/ Charles H. Linehan

GLANCY PRONGAY & MURRAY LLP

Robert V. Prongay

Charles H. Linehan

Pavithra Rajesh

1925 Century Park East, Suite 2100

Los Angeles, CA 90067

Telephone: (310) 201-9150

Facsimile: (310) 201-9160

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Counsel for Plaintiff Elliot Snook

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**SWORN CERTIFICATION OF PLAINTIFF
SVB FINANCIAL GROUP (SIVB) SECURITIES LITIGATION**

I, Elliot Snook, certify that:

1. I have reviewed the Complaint, adopt its allegations, and authorize its filing and/or the filing of a lead plaintiff motion on my behalf.
2. I did not purchase the SVB Financial Group securities that are the subject of this action at the direction of plaintiff's counsel or in order to participate in any private action arising under this title.
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in SVB Financial Group securities during the period set forth in the Complaint are as follows:

(See attached transactions)
5. I have not sought to serve, nor served, as a representative party on behalf of a class under this title during the last three years, except for the following:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court, including the award to a representative plaintiff of reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I declare under penalty of perjury that the foregoing are true and correct statements.

3/14/2023

Date

Elliot Snook

Elliot Snook

Elliot Snook's Transactions in SVB Financial Group (SIVB)

Date	Transaction Type	Quantity	Unit Price
3/9/2023	Bought	4,825	\$124.7500
3/9/2023	Sold	-1,750	\$82.4600
3/9/2023	Sold	-2,425	\$114.5000