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Pinning Down Corporate Leadership

Corporate Defense and Disputes Blog on **January 15, 2021**

An interesting shareholder derivative suit was filed on November 30, 2020 in the Northern District of California against Pinterest, Inc. Pinterest, a visual discovery engine popular for collecting ideas for weddings and aggregating recipes, went public in April 2019. The complaint alleges that Pinterest executives "breached their fiduciary duties to the [c]ompany by perpetrating or knowingly ignoring the long-standing and systemic culture of discrimination and retaliation at Pinterest." Pinterest allegedly payed unequal salaries to women and racial minorities while denying multiple women opportunities commensurate with their job titles and level of experience.

Plaintiffs' lawsuit is based on public claims made against the company accusing leadership of gender and racial discrimination, which plaintiffs say violated Pinterest's Code of Business Conduct & Ethics, Title IV of the Civil Rights Act of 1964, and state discrimination laws. According to the complaint, two Black women left the company in May 2020 after facing workplace discrimination and retaliation for bringing to light internal failings and inquiring about their unequal pay. Additionally, the complaint alleges that Pinterest's first Chief Operating Officer was underpaid compared to her male colleagues and that, while she was hired specifically for her experience with IPOs, she was left out of strategy decisions and marginalized throughout the IPO process. The COO had herself filed a gender discrimination and retaliation lawsuit against the company, which was recently settled – without an admission of guilt – to the tune of $22.5 million. The derivative complaint specifically alleges four causes of action against Pinterest and its corporate executives (named as individual defendants):

- Breach of fiduciary duty
- Waste of corporate assets
- Abuse of Control
- Violations of Section 14(a) of the Exchange Act and Rule 14A-9

On December 31, a revised version of the complaint was filed after the district judge assigned to the case ordered the parties revise the copious redactions in the initial filing. The newly public allegations claim the Pinterest Compensation Committee was aware of Pinterest's inconsistent pay practices but failed to take steps to oversee discriminatory pay complaints.

An initial case management statement is due by February 25, 2021. Check back here for additional developments on this interesting complaint.

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