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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 JAMES FLOYD, Individually and on  
12 behalf of all others similarly situated,

13 Plaintiff,

14 v.

15 FIRST AMERICAN FINANCIAL  
16 CORP., DENNIS J. GILMORE, AND  
17 MARK E. SEATON,

18 Defendants.

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

19 Plaintiff James Floyd (“Plaintiff”), individually and on behalf of all other  
20 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
21 complaint against Defendants (defined below), alleges the following based upon  
22 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
23 belief as to all other matters, based upon, *inter alia*, the investigation conducted by  
24 and through Plaintiff’s attorneys, which included, among other things, a review of  
25 the Defendants’ public documents, conference calls and announcements made by  
26 Defendants, United States Securities and Exchange Commission (“SEC”) filings,  
27

1 wire and press releases published by and regarding First American Financial Corp.  
2 (“First American” or the “Company”), analysts’ reports and advisories about the  
3 Company, and information readily obtainable on the Internet. Plaintiff believes that  
4 substantial evidentiary support will exist for the allegations set forth herein after a  
5 reasonable opportunity for discovery.

6 **NATURE OF THE ACTION**

7 1. This is a federal securities class action on behalf of a class consisting  
8 of all persons and entities other than Defendants who purchased or otherwise  
9 acquired the publicly traded securities of First American from February 17, 2017  
10 through October 22, 2020, both dates inclusive (the “Class Period”). Plaintiff seeks  
11 to recover compensable damages caused by Defendants’ violations of the federal  
12 securities laws and to pursue remedies under Sections 10(b) and 20(a) of the  
13 Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated  
14 thereunder.  
15

16 **JURISDICTION AND VENUE**

17 2. The claims asserted herein arise under and pursuant to §§10(b) and  
18 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5  
19 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

20 3. This Court has jurisdiction over the subject matter of this action under  
21 28 U.S.C. §1331 and §27 of the Exchange Act.

22 4. Venue is proper in this judicial district pursuant to §27 of the Exchange  
23 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the Company conducts business  
24 and is headquartered within this judicial district.

25 5. In connection with the acts, conduct and other wrongs alleged in this  
26 Complaint, Defendants, directly or indirectly, used the means and instrumentalities  
27

1 of interstate commerce, including but not limited to, the United States mail,  
2 interstate telephone communications and the facilities of the national securities  
3 exchange.

4 **PARTIES**

5 6. Plaintiff, as set forth in the accompanying Certification, purchased the  
6 Company's securities at artificially inflated prices during the Class Period and was  
7 damaged upon the revelation of the alleged corrective disclosure.

8 7. Defendant First American is a Fortune 500 company with over 18,000  
9 employees and over \$5 billion in revenue. Through its subsidiaries, First American  
10 provides financial services through its title insurance and services segment and its  
11 specialty insurance segment. The Company is incorporated in Delaware and its  
12 principal executive offices are located at 1 First American Way, Santa Ana, CA  
13 92707. First American securities are traded on the New York Stock Exchange  
14 ("NYSE") under the ticker symbol "FAF."

15 8. Defendant Dennis J. Gilmore ("Gilmore") has been the Chief Executive  
16 Officer ("CEO") and a Director of First American during the Class Period.

17 9. Defendant Mark E. Seaton ("Seaton") has been the Chief Financial  
18 Officer ("CFO") and Executive Vice President of First American during the Class  
19 Period.

20 10. Defendants Gilmore and Seaton are sometimes referred to herein as  
21 the "Individual Defendants."

22 11. Each of the Individual Defendants:

23 (a) directly participated in the management of the Company;

24 (b) was directly involved in the day-to-day operations of the Company at  
25 the highest levels;  
26

- 1 (c) was privy to confidential proprietary information concerning the  
2 Company and its business and operations;
- 3 (d) was directly or indirectly involved in drafting, producing, reviewing  
4 and/or disseminating the false and misleading statements and  
5 information alleged herein;
- 6 (e) was directly or indirectly involved in the oversight or implementation  
7 of the Company's internal controls;
- 8 (f) was aware of or recklessly disregarded the fact that the false and  
9 misleading statements were being issued concerning the Company;  
10 and/or
- 11 (g) approved or ratified these statements in violation of the federal  
12 securities laws.

13  
14 12. The Company is liable for the acts of the Individual Defendants and its  
15 employees under the doctrine of *respondeat superior* and common law principles  
16 of agency because all of the wrongful acts complained of herein were carried out  
17 within the scope of their employment.

18 13. The scienter of the Individual Defendants and other employees and  
19 agents of the Company is similarly imputed to the Company under *respondeat*  
20 *superior* and agency principles.

21 14. The Company and the Individual Defendants are referred to herein,  
22 collectively, as the "Defendants."

23 **SUBSTANTIVE ALLEGATIONS**

24 **Materially False and Misleading Statements**

25 15. On February 17, 2017, when First American filed an annual report on  
26 Form 10-K with the SEC, announcing the Company's financial and operating results  
27

1 for the fiscal year ended December 31, 2016 (the “2016 10-K”). The 2016 10-K was  
2 signed by Defendants Gilmore and Seaton. Attached to the 2016 10-K were  
3 certification pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) signed by  
4 Defendants Gilmore and Seaton attesting to the accuracy of financial reporting, the  
5 disclosure of any material changes to the Company’s internal control over financial  
6 reporting and the disclosure of all fraud.

7 16. The 2016 10-K made clear to investors that First American understood  
8 its information and data services were a key component of the Company’s success,  
9 stating in relevant part: “In the current market environment, we are focused on  
10 growing our core title insurance and settlement services business, *strengthening our*  
11 *enterprise through data and process advantages. . .*” (Emphasis added.)

12 17. On March 31, 2017, Defendant Gilmore released a letter to First  
13 American’s stockholders (the “March 2017 Letter”). In the March 2017 Letter,  
14 Defendant Gilmore repeatedly touted First American’s “ongoing focus on operating  
15 efficiency” and “increasing efficiency.” The March 2017 Letter, stated under  
16 “Capital Management” in relevant part: “Much of this investment was directed to  
17 technology, including the continued enhancement of our title production platform  
18 and our customer-facing technologies and enterprise systems, all of which will  
19 improve our customers’ experience and our internal process efficiency.”

20 18. In the March 2017 Letter, Gilmore also highlighted First American’s  
21 acquisitions of two companies, RedVision and TD Service Financial, for their  
22 technology and document management capabilities.

23 19. The March 2017 Letter continues, attempting to reassure stockholders  
24 and the public in his “**VISION AND STRATEGY**” section that: “Our continued  
25 focus on operating efficiency coupled with favorable market conditions helped us  
26  
27

1 achieve the highest pretax margin in our title segment’s history. . . As we continue  
2 to pursue market share, we remain committed to ensuring that growth never comes  
3 at the expense of returns.”

4 20. Continuing under “**VISION AND STRATEGY**,” the March 2017  
5 Letter states: “*Strengthen the enterprise through data and process advantage . . .*  
6 *These efforts strengthen our control over the key data assets that underlie our*  
7 *products and services and facilitate our efforts to manage risk and drive efficiencies*  
8 *throughout the title and settlement process.*”

9 21. To finish the “**VISION AND STRATEGY**” section of the March 2017  
10 Letter, we find that Gilmore, once again, touts First American’s acquisitions  
11 “allowing us to streamline the title process and continue to improve the solutions we  
12 offer our customers.”

13 22. In Gilmore’s March 30, 2018 letter to First American’s stockholders  
14 (“March 2018 Letter”), investors were repeatedly assured that First American was  
15 investing and improving its information and technology footing. Examples include:  
16

17 **CAPITAL MANAGEMENT ACTIVITIES**

18 . . .  
19 *Invest in our core business—Much of First American’s \$137 million in*  
20 *capital expenditures in 2017 was directed to the development and*  
*improvement of our technology.*

21 \* \* \*

22 **OUR VISION AND STRATEGY**

23 . . .  
24 *Manage and actively invest in complementary businesses that support*  
25 *or expand the core—. . .we enhanced the customer experience for our*  
26 *home warranty customers by upgrading the digital interface to*  
*streamline the claims, payment and contract renewal processes.*

1 **LOOKING AHEAD**

2 . . .  
3 Importantly, I am excited about the innovation underway within the  
4 company that will enable us to meet the dynamic needs and  
5 expectations of our customers. **Many of these initiatives leverage our**  
6 **unique data, technology and banking assets, giving us a distinct**  
7 **competitive advantage.**

(Emphasis added.)

8 23. First American’s website stated in 2017 under “Privacy Information”:  
9 We Are Committed to Safeguarding Customer Information

10 In order to better serve your needs now and in the future, we may ask  
11 you to provide us with certain information. We understand that you may  
12 be concerned about what we will do with such information - particularly  
13 any personal or financial information. We agree that you have a right  
14 to know how we will utilize the personal information you provide to us.  
15 Therefore, together with our subsidiaries we have adopted this Privacy  
16 Policy to govern the use and handling of your personal information.

16 \* \* \*

17 **Types of Information**

18 Depending upon which of our services you are utilizing, the types of  
19 nonpublic personal information that we may collect include:

- 20 • Information we receive from you on applications, forms and in  
21 other communications to us, whether in writing, in person, by telephone  
22 or any other means;
- 23 • Information about your transactions with us, our affiliated  
24 companies, or others; and
- Information we receive from a consumer reporting agency.

25 **Use of Information**

26 We request information from you for our own legitimate business  
27 purposes and not for the benefit of any nonaffiliated party. Therefore,  
28 we will not release your information to nonaffiliated parties except: (1)

1 as necessary for us to provide the product or service you have requested  
2 of us; or (2) as permitted by law. We may, however, store such  
3 information indefinitely, including the period after which any customer  
4 relationship has ceased. Such information may be used for any internal  
5 purpose, such as quality control efforts or customer analysis. We may  
6 also provide all of the types of nonpublic personal information listed  
7 above to one or more of our affiliated companies. Such affiliated  
8 companies include financial service providers, such as title insurers,  
9 property and casualty insurers, and trust and investment advisory  
10 companies, or companies involved in real estate services, such as  
11 appraisal companies, home warranty companies and escrow companies

12 \* \* \*

### 13 **Former Customers**

14 Even if you are no longer our customer, our Privacy Policy will  
15 continue to apply to you.

### 16 **Confidentiality and Security**

17 *We will use our best efforts to ensure that no unauthorized parties  
18 have access to any of your information. We restrict access to  
19 nonpublic personal information about you to those individuals and  
20 entities who need to know that information to provide products or  
21 services to you.* We will use our best efforts to train and oversee our  
22 employees and agents to *ensure that your information will be handled  
23 responsibly and in accordance with this Privacy Policy and First  
24 American's Fair Information Values. We currently maintain  
25 physical, electronic, and procedural safeguards* that comply with  
26 federal regulations to guard your nonpublic personal information.

### 27 **Information Obtained Through Our Web Site**

28 First American Financial Corporation is sensitive to privacy issues on  
the Internet . . .

### **Fair Information Values**

**Fairness** We consider consumer expectations about their privacy in all  
our businesses. *We only offer products and services that assure a  
favorable balance between consumer benefits and consumer privacy.*



1  
2 **Public Record** We believe that an open public record creates  
3 significant value for society, enhances consumer choice and creates  
4 consumer opportunity. We actively support an open public record and  
emphasize its importance and contribution to our economy.

5 **Use** *We believe we should behave responsibly when we use*  
6 *information about a consumer in our business.* We will obey the laws  
7 governing the collection, use and dissemination of data.

8 **Accuracy** We will take reasonable steps to help assure the accuracy of  
9 the data we collect, use and disseminate. Where possible, we will take  
10 reasonable steps to correct inaccurate information. When, as with the  
11 public record, we cannot correct inaccurate information, we will take  
12 all reasonable steps to assist consumers in identifying the source of the  
erroneous data so that the consumer can secure the required corrections.

13 **Education** *We endeavor to educate the users of our products and*  
14 *services, our employees and others in our industry about the*  
15 *importance of consumer privacy.* We will instruct our employees on  
16 our fair information values and on the responsible collection and use of  
17 information in a responsible manner.

18 **Security** *We will maintain appropriate facilities and systems to*  
19 *protect against unauthorized access to and corruption of the data we*  
20 *maintain.*

21 (Emphasis added.)

22 24. First American's website stated in 2018:

23 *Post-Closing Document Management*

24 . . . Let us store your records in our secure facility that is monitored 24-  
25 hours a day. And, of course, you always have online access to your and  
26 your customers' documents, any time, day or night.

27 \* \* \*

1 *Secure Document Storage*

2 ***We offer secure, reliable, and affordable records storage solutions for***  
3 ***your needs of any size to help you manage active mortgage collateral***  
4 ***files.***

5 Imaged Documents Reviewed for Deficiencies (capture critical data  
6 elements, report missing documents & interfile trailing documents)

7 State-of-the-art Document Tracking System

8 Online Access for Document Viewing, Shipping Request Fulfillment  
9 & Client-specific Inventory Reports

10 ***Secure Facility Monitored 24-hours a day***

11 \* \* \*

12 ***Secure access to files which provides our clients with detailed***  
13 ***information concerning their REO property closing status***

14 (Emphasis added.)

15 25. In Gilmore’s March 29, 2019 letter to First Financial’s stockholders  
16 (“March 2019 Letter”), investors were repeatedly assured that First American was  
17 investing and improving its information and technology systems with “examples of  
18 some of the industry-leading moves we’re making to meet those customer  
19 expectations”:

20 *eClosing*—In 2018, we rolled out electronic “*eClosing*” solutions that  
21 lets consumers sign many documents online in advance of the final  
22 closing, and we are actively developing other innovative methods for  
23 creating a more complete digital closing experience.

24 \* \* \*

25 *Automated Data Extraction*—Through the use of optical character  
26 recognition and artificial intelligence, we’re significantly reducing  
27 manual data entry, which increases our efficiency and enables us to  
28 more rapidly expand our content.

1        *Blockchain*—In November, we announced the launch of a First  
2        American-developed system using blockchain technology. Designed to  
3        increase efficiency and reduce risk, we’re pleased that Old Republic  
4        Title Insurance Group was the first to join us in utilizing the system.

#### 5        **LOOKING AHEAD**

6        . . .  
7        We’ll continue streamlining and automating our processes, while  
8        enhancing the customer experience. And while our data leadership,  
9        technology and industry expertise will propel our efforts, it is ultimately  
10       our dedicated employees who drive these efforts to differentiate us in  
11       the marketplace and provide a competitive advantage.

12       26. The statements referenced in ¶¶15-25 above were materially false  
13       and/or misleading because they misrepresented and failed to disclose the following  
14       adverse facts pertaining to the Company’s business, operational and financial results,  
15       which were known to Defendants or recklessly disregarded by them. Specifically,  
16       Defendants made false and/or misleading statements and/or failed to disclose that:  
17       (1) the Company failed to implement basic security standards to protect its  
18       customers’ sensitive personal information and data; (2) the Company faced a  
19       heightened risk of cybersecurity failure due to its automation and efficiency  
20       initiatives; and (3) as a result, Defendants’ public statements were materially false  
21       and misleading at all relevant times.

#### 22       **The Truth Emerges**

23       27. On May 24, 2019, KrebsOnSecurity.com (“KrebsOnSecurity”), a noted  
24       cybersecurity blog, reported a massive data exposure by First American in which  
25       Approximately 885 million customer files were exposed by First American. In its  
26       post entitled, “First American Financial Corp. Leaked Hundreds of Millions of Title  
27       Insurance Records” KrebsOnSecurity disclosed in relevant part:  
28

1 “The Web site for Fortune 500 real estate *title insurance giant First*  
2 *American Financial Corp.* [NYSE:FAF] *leaked hundreds of millions*  
3 *of documents related to mortgage deals going back to 2003*, until  
4 notified this week by KrebsOnSecurity. *The digitized records —*  
5 *including bank account numbers and statements, mortgage and tax*  
6 *records, Social Security numbers, wire transaction receipts, and*  
7 *drivers license images — were available without authentication to*  
8 *anyone with a Web browser.*

9 \* \* \*

10 Earlier this week, KrebsOnSecurity was contacted by a real estate  
11 developer in Washington state who said he’d had little luck getting a  
12 response from the company about what he found, which was that a  
13 portion of its Web site (firstam.com) was leaking tens if not hundreds  
14 of millions of records. He said anyone who knew the URL for a valid  
15 document at the Web site could view other documents just by  
16 modifying a single digit in the link.

17 And this would potentially include anyone who’s ever been sent a  
18 document link via email by First American.

19 ***KrebsOnSecurity confirmed the real estate developer’s findings,***  
20 ***which indicate that First American’s Web site exposed approximately***  
21 ***885 million files, the earliest dating back more than 16 years. No***  
22 ***authentication was required to read the documents.***

23 Many of the exposed files are records of wire transactions with bank  
24 account numbers and other information from home or property buyers  
25 and sellers. Ben Shoval, the developer who notified KrebsOnSecurity  
26 about the data exposure, said that’s because First American is one of  
27 the most widely-used companies for real estate title insurance and for  
28 closing real estate deals — where both parties to the sale meet in a room  
and sign stacks of legal documents.

\* \* \*

1 Shoval shared a document link he'd been given by First American from  
2 a recent transaction, which referenced a record number that was nine  
3 digits long and dated April 2019. ***Modifying the document number in***  
4 ***his link by numbers in either direction yielded other peoples' records***  
5 ***before or after the same date and time, indicating the document***  
6 ***numbers may have been issued sequentially.***

7 \* \* \*

8 I should emphasize that these documents were merely available from  
9 First American's Web site; I do not have any information on whether  
10 this fact was known to fraudsters previously, nor do I have any  
11 information to suggest the documents were somehow mass-harvested  
12 ***(although a low-and-slow or distributed indexing of this data would***  
13 ***not have been difficult for even a novice attacker).***

14 Nevertheless, the information exposed by First American would be a  
15 virtual gold mine for phishers and scammers involved in so-called  
16 Business Email Compromise (BEC) scams, which often impersonate  
17 real estate agents, closing agencies, title and escrow firms in a bid  
18 to trick property buyers into wiring funds to fraudsters. According to  
19 the FBI, BEC scams are the most costly form of cybercrime today.

20 Armed with a single link to a First American document, BEC scammers  
21 would have an endless supply of very convincing phishing templates to  
22 use. A database like this also would give fraudsters a constant feed of  
23 new information about upcoming real estate financial transactions  
24 — ***including the email addresses, names and phone numbers of the***  
25 ***closing agents and buyers.***

26 (Emphasis added.)

27 28. On this news, shares of First American fell \$3.46, or over 6%, to close  
28 at \$51.80 on May 25, 2019.

1 29. On October 22, 2020, First American filed a quarterly report on Form  
2 10-Q with the SEC, announcing that the Company had received a Wells Notice  
3 regarding its massive security breach, stating, in pertinent part:

4 Currently, governmental agencies are examining or investigating  
5 certain of the Company's operations. *These exams and investigations*  
6 *include two investigations initiated in connection with the*  
7 *information security incident that occurred during the second quarter*  
8 *of 2019, one being conducted by the Securities and Exchange*  
9 *Commission ("SEC") enforcement staff and the other by the New*  
10 *York Department of Financial Services. The SEC enforcement staff is*  
11 *questioning the adequacy of disclosures the Company made at the time*  
12 *of the incident and the adequacy of its disclosure controls. In*  
13 *September 2020, the Company received a Wells Notice informing the*  
14 *Company that the enforcement staff has made a preliminary*  
15 *determination to recommend a filing of an enforcement action by the*  
16 *SEC against the Company.*

17 (Emphasis added.)

18 30. On this news the price of First American shares fell approximately  
19 \$4.83 per share, or 9%, to close at \$46.75 per share on October 22, 2020.

20 31. As a result of Defendants' wrongful acts and omissions, and the decline  
21 in the market value of the Company's securities, Plaintiff and other Class members  
22 have suffered significant losses and damages.

### 23 PLAINTIFF'S CLASS ACTION ALLEGATIONS

24 32. Plaintiff brings this action as a class action pursuant to Federal Rule of  
25 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who  
26 purchased or otherwise acquired the publicly traded securities of First American  
27 during the Class Period (the "Class") and were damaged upon the revelation of the  
28 alleged corrective disclosure. Excluded from the Class are Defendants herein, the  
officers and directors of the Company, at all relevant times, members of their

1 immediate families and their legal representatives, heirs, successors or assigns and  
2 any entity in which Defendants have or had a controlling interest.

3 33. The members of the Class are so numerous that joinder of all members  
4 is impracticable. Throughout the Class Period, the Company's securities were  
5 actively traded on the NYSE. While the exact number of Class members is unknown  
6 to Plaintiff at this time and can be ascertained only through appropriate discovery,  
7 Plaintiff believes that there are hundreds or thousands of members in the proposed  
8 Class. Record owners and other members of the Class may be identified from  
9 records maintained by the Company or its transfer agent and may be notified of the  
10 pendency of this action by mail, using the form of notice similar to that customarily  
11 used in securities class actions.

12 34. Plaintiff's claims are typical of the claims of the members of the Class  
13 as all members of the Class are similarly affected by Defendants' wrongful conduct  
14 in violation of federal law that is complained of herein.

15 35. Plaintiff will fairly and adequately protect the interests of the members  
16 of the Class and has retained counsel competent and experienced in class and  
17 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
18 of the Class.

19 36. Common questions of law and fact exist as to all members of the Class  
20 and predominate over any questions solely affecting individual members of the  
21 Class. Among the questions of law and fact common to the Class are:

- 22  
23 (a) whether Defendants' acts as alleged violated the federal securities  
24 laws;

- 1 (b) whether Defendants' statements to the investing public during the  
2 Class Period misrepresented material facts about the financial  
3 condition, business, operations, and management of the Company;  
4 (c) whether Defendants' statements to the investing public during the  
5 Class Period omitted material facts necessary to make the statements  
6 made, in light of the circumstances under which they were made, not  
7 misleading;  
8 (d) whether the Individual Defendants caused the Company to issue false  
9 and misleading SEC filings and public statements during the Class  
10 Period;  
11 (e) whether Defendants acted knowingly or recklessly in issuing false and  
12 misleading SEC filings and public statements during the Class Period;  
13 (f) whether the prices of the Company's securities during the Class Period  
14 were artificially inflated because of the Defendants' conduct  
15 complained of herein; and  
16 (g) whether the members of the Class have sustained damages and, if so,  
17 what is the proper measure of damages.  
18

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

25 38. Plaintiff will rely, in part, upon the presumption of reliance established  
26 by the fraud-on-the-market doctrine in that:  
27  
28



- 1 (a) Defendants made public misrepresentations or failed to disclose  
2 material facts during the Class Period;
- 3 (b) the omissions and misrepresentations were material;
- 4 (c) the Company's securities are traded in efficient markets;
- 5 (d) the Company's securities were liquid and traded with moderate to  
6 heavy volume during the Class Period;
- 7 (e) the Company traded on the NYSE, and was covered by multiple  
8 analysts;
- 9 (f) the misrepresentations and omissions alleged would tend to induce a  
10 reasonable investor to misjudge the value of the Company's securities;  
11 Plaintiff and members of the Class purchased and/or sold the  
12 Company's securities between the time the Defendants failed to  
13 disclose or misrepresented material facts and the time the true facts  
14 were disclosed, without knowledge of the omitted or misrepresented  
15 facts; and
- 16 (g) Unexpected material news about the Company was rapidly reflected  
17 in and incorporated into the Company's stock price during the Class  
18 Period.  
19

20 39. Based upon the foregoing, Plaintiff and the members of the Class are  
21 entitled to a presumption of reliance upon the integrity of the market.

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

**COUNT I**

**Violation of Section 10(b) of The Exchange Act and Rule 10b-5**

**Against All Defendants**

41. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

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

43. During the Class Period, the Company and the Individual Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

44. The Company and the Individual Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

45. The Company and the Individual Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such

1 statements or documents would be issued or disseminated to the investing public;  
2 and knowingly and substantially participated, or acquiesced in the issuance or  
3 dissemination of such statements or documents as primary violations of the  
4 securities laws. These defendants by virtue of their receipt of information reflecting  
5 the true facts of the Company, their control over, and/or receipt and/or modification  
6 of the Company's allegedly materially misleading statements, and/or their  
7 associations with the Company which made them privy to confidential proprietary  
8 information concerning the Company, participated in the fraudulent scheme alleged  
9 herein.

10 46. Individual Defendants, who are the senior officers and/or directors of  
11 the Company, had actual knowledge of the material omissions and/or the falsity of  
12 the material statements set forth above, and intended to deceive Plaintiff and the  
13 other members of the Class, or, in the alternative, acted with reckless disregard for  
14 the truth when they failed to ascertain and disclose the true facts in the statements  
15 made by them or other personnel of the Company to members of the investing  
16 public, including Plaintiff and the Class.

17 47. As a result of the foregoing, the market price of the Company's  
18 securities was artificially inflated during the Class Period. In ignorance of the falsity  
19 of the Company's and the Individual Defendants' statements, Plaintiff and the other  
20 members of the Class relied on the statements described above and/or the integrity  
21 of the market price of the Company's securities during the Class Period in  
22 purchasing the Company's securities at prices that were artificially inflated as a  
23 result of the Company's and the Individual Defendants' false and misleading  
24 statements.  
25  
26  
27  
28

1 48. Had Plaintiff and the other members of the Class been aware that the  
2 market price of the Company's securities had been artificially and falsely inflated  
3 by the Company's and the Individual Defendants' misleading statements and by the  
4 material adverse information which the Company's and the Individual Defendants  
5 did not disclose, they would not have purchased the Company's securities at the  
6 artificially inflated prices that they did, or at all.

7 49. As a result of the wrongful conduct alleged herein, Plaintiff and other  
8 members of the Class have suffered damages in an amount to be established at trial.

9 50. By reason of the foregoing, the Company and the Individual  
10 Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5  
11 promulgated thereunder and are liable to the Plaintiff and the other members of the  
12 Class for substantial damages which they suffered in connection with their  
13 purchases of the Company's securities during the Class Period.  
14

15 **COUNT II**

16 **Violation of Section 20(a) of The Exchange Act**

17 **Against The Individual Defendants**

18 51. Plaintiff repeats and realleges each and every allegation contained in  
19 the foregoing paragraphs as if fully set forth herein.

20 52. During the Class Period, the Individual Defendants participated in the  
21 operation and management of the Company, and conducted and participated,  
22 directly and indirectly, in the conduct of the Company's business affairs. Because  
23 of their senior positions, they knew the adverse non-public information regarding  
24 the Company's business practices.

25 53. As officers and/or directors of a publicly owned company, the  
26 Individual Defendants had a duty to disseminate accurate and truthful information  
27

1 with respect to the Company's financial condition and results of operations, and to  
2 correct promptly any public statements issued by the Company which had become  
3 materially false or misleading.

4 54. Because of their positions of control and authority as senior officers,  
5 the Individual Defendants were able to, and did, control the contents of the various  
6 reports, press releases and public filings which the Company disseminated in the  
7 marketplace during the Class Period. Throughout the Class Period, the Individual  
8 Defendants exercised their power and authority to cause the Company to engage in  
9 the wrongful acts complained of herein. The Individual Defendants therefore, were  
10 "controlling persons" of the Company within the meaning of Section 20(a) of the  
11 Exchange Act. In this capacity, they participated in the unlawful conduct alleged  
12 which artificially inflated the market price of the Company's securities.

13 55. Each of the Individual Defendants, therefore, acted as a controlling  
14 person of the Company. By reason of their senior management positions and/or  
15 being directors of the Company, each of the Individual Defendants had the power  
16 to direct the actions of, and exercised the same to cause, the Company to engage in  
17 the unlawful acts and conduct complained of herein. Each of the Individual  
18 Defendants exercised control over the general operations of the Company and  
19 possessed the power to control the specific activities which comprise the primary  
20 violations about which Plaintiff and the other members of the Class complain.

21 56. By reason of the above conduct, the Individual Defendants are liable  
22 pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
23 Company.  
24

25 **PRAYER FOR RELIEF**

26 WHEREFORE, Plaintiff demands judgment against Defendants as follows:  
27

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

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

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

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

11 **DEMAND FOR TRIAL BY JURY**

12 Plaintiff hereby demands a trial by jury.

13  
14  
15 Dated: October 25, 2020

Respectfully submitted,

16 **THE ROSEN LAW FIRM, P.A.**

17 */s/Laurence M. Rosen*

18 Laurence M. Rosen, Esq. (SBN 219683)

19 355 S. Grand Avenue, Suite 2450

20 Los Angeles, CA 90071

21 Telephone: (213) 785-2610

22 Facsimile: (213) 226-4684

23 Email: lrosen@rosenlegal.com

24 *Counsel for Plaintiff*

## Certification and Authorization of Named Plaintiff Pursuant to Federal Securities Laws

The individual or institution listed below (the "Plaintiff") authorizes and, upon execution of the accompanying retainer agreement by The Rosen Law Firm P.A., retains The Rosen Law Firm P.A. to file an action under the federal securities laws to recover damages and to seek other relief against First American Financial Corp.. The Rosen Law Firm P.A. will prosecute the action on a contingent fee basis and will advance all costs and expenses. The First American Financial Corp.. Retention Agreement provided to the Plaintiff is incorporated by reference, upon execution by The Rosen Law Firm P.A.

**First name:** James

**Middle initial:**

**Last name:** Floyd

**Address:** Redacted

**City:**

**State:**

**Zip:**

**Country:**

**Facsimile:**

**Phone:**

**Email:**

Plaintiff certifies that:

1. Plaintiff has reviewed the complaint and authorized its filing.
2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff represents and warrants that he/she/it is fully authorized to enter into and execute this certification.
5. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.
6. Plaintiff has made no transaction(s) during the Class Period in the debt or equity securities that are the subject of this action except those set forth below:

Acquisitions:

Type of Security	Buy Date	# of Shares	Price per Share
Common Stock	03/02/2020	800	59.95
Common Stock	02/26/2020	200	61.80

7. I have not served as a representative party on behalf of a class under the federal securities laws during the last three years, except if detailed below. [ ]

I declare under penalty of perjury, under the laws of the United States, that the information entered is accurate:

**YES**

**Certification for James Floyd (cont.)**

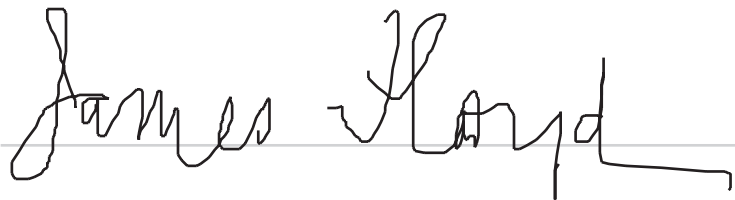
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By clicking on the button below, I intend to sign and execute this agreement and retain the Rosen Law Firm, P.A. to proceed on Plaintiff's behalf, on a contingent fee basis.

**YES**

Signed pursuant to California Civil Code Section 1633.1, et seq. - and the Uniform Electronic Transactions Act as adopted by the various states and territories of the United States.

Date of signing: 10/24/2020



A handwritten signature in black ink that reads "James Floyd". The signature is written in a cursive style and is positioned above a thin horizontal line.