

TECH

Google's Board Is Being Sued For Allegedly Silencing Misconduct Claims Against Former Executives

Lawyers say an internal investigation by Google claimed to find bondage videos on former company executive Andy Rubin's computer. "You won't believe what's in these [shareholder] minutes."



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Last updated on January 11, 2019, at 2:41 p.m. ET

Posted on January 10, 2019, at 5:01 p.m. ET



Mason Trinca / Getty Images

Attorneys representing a Google shareholder revealed details of a new lawsuit that claims the company's board of directors covered up sexual misconduct by former Google senior executives, including Andy Rubin, the creator of the popular mobile operating software Android, and Amit Singhal, the former head of search. Even after Google investigated and found that the allegations of Rubin's sexual misconduct were credible, the suit says, it allowed him to resign and approved a \$90 million severance for him.

The suit, which was filed in San Mateo County Superior Court in California

Thursday morning, contains minutes from board of directors meetings that detail how the tech giant dealt with employee complaints made against Rubin in 2014 and Singhal in 2016, and how it compensated these executives when they left the company. Those minutes, attorneys for the plaintiff allege, show the board was aware of investigations into executives' sexual misconduct and still chose to pay them millions of dollars upon their departure to the detriment of shareholders.

"The perpetrators of sexual harassment have been rewarded handsomely," Louise Renne, one of the plaintiff's attorneys, said during a press conference in San Francisco. "Time's up."

"This lawsuit, like much of the recent media coverage, mischaracterizes Andy's departure from Google and sensationalizes claims made about Andy by his ex-wife," Ellen Winick Stross, a lawyer for Rubin, said in an emailed statement. "Andy left Google voluntarily. Andy denies any

misconduct, and we look forward to telling his story in court."

A spokesperson for Google's parent company Alphabet told BuzzFeed News the company had "nothing to share" on the lawsuit. Among the executives named as defendants in the shareholder derivative lawsuit include Google cofounders Larry Page and Sergey Brin; departed executives Singhal and Rubin; current Google CEO Sundar Pichai; and a host of current and past executives and board members.


According to the lawyers, the suit seeks legal relief for Google's alleged breach of fiduciary duty, abuse of control, unjust enrichment, and waste of corporate assets. As a penalty, the plaintiff's lawyer demanded the end of the use of nondisclosure agreements and arbitration agreements at the company, mirroring requests already made by an internal employee group at Google that led a walkout from the company's offices around the world late last year.

The suit also seeks to end the dual-class structure that gives supervoting powers to Google's founder and early executives and change the company to a "one share, one vote" structure. On Thursday during a press conference, the plaintiff's attorneys said they will be asking for three new directors to be added to the board, and for Singhal and Rubin to pay back the millions they received in exit compensation.

Frank Bottini, another attorney representing the plaintiff, could not place an exact total on the damages but estimated it to be in the hundreds of millions of dollars at a press conference on Thursday. He cited the millions of dollars paid out to Singhal and Rubin, drops in Alphabet's share price following employee discontent, and loss of productivity at the company from the walkouts as justification for his estimate.


Bottini would not talk about the specifics of the board minutes his legal team had obtained but cited previously reported allegations that the company

had found bondage videos on Rubin's work computer. In spite of that, Bottini said, the minutes show that board did not punish the Google executive appropriately, and still chose to pay him \$90 million even after learning of sexual misconduct claims brought against him by a Google employee.



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The lawyers claim to have the minutes from board meetings that detail how the company dealt with exec complaints and compensation. They claim that those minutes show the board conducted an extensive investigation but still paid him out \$90 million.



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Lawyers claim that Google's internal investigation claimed to find bondage videos on Andy Rubin's computer. The board was apparently aware based on the lawyers claim. "You won't believe what's in these minutes."

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"You won't believe what's in these minutes," Bottini said. The minutes,

which are cited extensively in the lawsuit, are redacted, as they were obtained using shareholder laws and under an agreement with Google that they not be made public.

The plaintiff in the case is James Martin, a Google shareholder who does not work at Google, and whose lawyers provided little detail about him. The lawsuit is a so-called shareholder derivative lawsuit, in which an individual that owns stock in a company sues a third party — in this case, Alphabet's board and executives — on behalf of a corporation and its shareholders.

"We welcome today's shareholder lawsuits, and are grateful to those who brought them," read a statement from the organizers of the Google walkout, adding that changes have to go beyond fiduciary duties to address structural cultural problems at the company.

"We have all the evidence we need that Google's leadership does not have our best interests at heart," the statement

continued. "We need to change the way the system works, above and beyond addressing the wrongs of those who work within the system."

Google has been under close scrutiny for its handling of sexual harassment cases since last year, when a report from the New York Times revealed the company paid and shielded Rubin when he voluntarily departed in October 2014. In November, Google employees from around the world walked out to protest the company's actions. Shortly thereafter, Google announced that it would end forced arbitration — a policy that shielded the company from workers airing their grievances in open court — but it said nothing about discrimination, wage and hour disputes, or other types of employee claims.

UPDATE

January 11, 2019, at 11:41 a.m.

This story has been updated with a statement from Ellen Winick Stross, a lawyer for Andy Rubin.



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