UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

Joseph Kelly v. Evan Spiegel, Derek Andersen, Robert Murphy, Michael Lynton, Kelly Coffey, Joanna Coles, Liz Jenkins, Jim Lanzone, Scott D. Miller, Patrick Spence, Poppy Thorpe, and Fidel Vargas

Kelly v. Spiegel · No. 2:25-cv-08654-RGK-KS · Decided September 30, 2025

SUMMARY

This document is a proposed order approving the voluntary dismissal without prejudice of a shareholder derivative action brought on behalf of Snap Inc. The dismissal is pursuant to Federal Rules of Civil Procedure 41(a)(1)(A)(ii) and 23.1(c), with each party bearing its own fees and costs. The order states that shareholder notice is unnecessary because there was no settlement, collusion, compensation, or prejudice.

CASE DETAILS

COURT	United States District Court for the Central District of California, Western Division
WRITING FOR THE COURT	R. Gary Klausner
JURISDICTION	United States District Court for the Central District of California
DECIDED	September 30, 2025
DOCKET	2:25-cv-08654-RGK-KS
DISPOSITION	dismissed
PROCEDURAL POSTURE	Shareholder derivative action voluntarily dismissed without prejudice pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), subject to court approval under Rule 23.1(c).
PRECEDENTIAL VALUE	Unknown; proposed district court order with no reporter citation
PARTIES	Joseph Kelly, derivatively on behalf of Snap Inc. v. Evan Spiegel, Derek Andersen, Robert Murphy, Michael Lynton, Kelly Coffey, Joanna Coles, Liz Jenkins, Jim Lanzone, Scott D. Miller, Patrick Spence, Poppy Thorpe, Fidel Vargas

TOPICS

shareholder derivative suits · civil procedure · corporate law · commercial litigation

PRACTICE AREAS

civil procedure · corporate law · commercial litigation · shareholder derivative litigation

QUESTIONS PRESENTED

1. Whether the court should approve the parties' voluntary dismissal of a shareholder derivative action under Federal Rules of Civil Procedure 41(a)(1)(A)(ii) and 23.1(c).
2. Whether notice to Snap Inc. shareholders was required before approving the voluntary dismissal under Rule 23.1(c).

HOLDINGS

1. The court approved dismissal of the action without prejudice as to all claims and causes of action, with each party bearing its own attorneys' fees and costs.
2. Notice to shareholders was not required because the dismissal involved no settlement or compromise, there was no collusion or compensation, the dismissal was without prejudice, and the defendants would not suffer prejudice.

KEY QUOTATIONS

> *"Pursuant to Federal Rules of Civil Procedure 41(a)(1)(A)(ii) and 23.1(c), the action is dismissed without prejudice as to all claims and causes of action, with each party bearing their own attorneys' fees and costs;"*
> (at 1)

FACTUAL BACKGROUND

Joseph Kelly brought a shareholder derivative action on behalf of Snap Inc. against Evan Spiegel and other alleged corporate fiduciaries. After the parties met and conferred, Kelly sought dismissal so that he could pursue remedies under Delaware law. The dismissal was without prejudice, no settlement or compensation was involved, the defendants did not oppose dismissal, and the court found no collusion or prejudice.

PROCEDURAL HISTORY

Joseph Kelly filed a shareholder derivative action on September 12, 2025, purportedly on behalf of Snap Inc., against Snap's directors and officers. Following a meet and confer, Kelly agreed to voluntarily dismiss the action to pursue remedies under Delaware law. The district court approved the voluntary dismissal without prejudice and found that shareholder notice was not required.

DISPOSITION

dismissed

CASES CITED

- Indiana State Dist. Council of Laborers & Hod Carriers Pension Fund on Behalf of Elecs. for Imaging, Inc. v. Gecht, 2007 WL 9822669, at *1 (N.D. Cal. Apr. 3, 2007)

OPINION

Joseph Kelly v. Evan Spiegel
PER CURIAM.
JS6 1 2 3
UNITED STATES DISTRICT COURT
4 CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION
5
JOSEPH KELLY, No. 2:25-cv-08654-RGK-KS
6 derivatively on behalf of SNAP INC.,
[PROPOSED] ORDER OF
7 Plaintiffs, VOLUNTARY DISMISSAL
8 v. WITHOUT PREJUDICE
PURSUANT TO FED. R. CIV. P. 9
EVAN SPIEGEL, DEREK 41(A)(1)(A)(ii) AND 23.1(C)
10 ANDERSEN, ROBERT MURPHY,
MICHAEL LYNTON, KELLY [13]
11 COFFEY, JOANNA COLES, LIZ Assigned to: Judge R. Gary Klausner
12 JENKINS, JIM LANZONE, SCOTT
D. MILLER, PATRICK SPENCE,
13 POPPY THORPE, and FIDEL
14 VARGAS,

Defendants, 15 and 16 SNAP INC. 17 Nominal Defendant. 18 19 WHEREAS, on September 12, 2025 Plaintiff Joseph Kelly ("Plaintiff") filed a 20 shareholder derivative action in this Court purportedly on behalf of Nominal 21 Defendant Snap Inc. ("Snap" or the "Company") against Evan Spiegel, Derek 22 Andersen, Robert Murphy, Michael Lynton, Kelly Coffey, Joanna Coles, Liz Jenkins, 23 Jim Lanzone, Scott D. Miller, Patrick Spence, Poppy Thorpe, and Fidel Vargas, 24 (collectively, the "Defendants") (collectively with Plaintiff and Snap, the "Parties"); 25 WHEREAS, following a meet and confer between the Parties, Plaintiff agreed 26 to voluntarily dismiss this action in order to pursue remedies under Delaware law; and 27 WHEREAS, Rule 23.1 requires the Court's approval for a voluntary dismissal 1 "when one or more shareholders or members of a corporation or an unincorporated 2 association bring a derivative action to enforce a right that the corporation or 3 association may properly assert but has failed to enforce." Fed.R. Civ. P. 23.1(a).

4 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
5 DECREED THAT: 6 1. Pursuant to Federal Rules of Civil Procedure 41(a)(1)(A)(ii) and 23.1(c),

the action is dismissed without prejudice as to all claims and causes of action, with each party bearing their own attorneys' fees and costs; and 2. Notice to shareholders of this stipulation of voluntary dismissal is not required under Federal Rule of Civil Procedure 23.1(c) because: (i) there has been no settlement or compromise of this Action; (ii) there has been no collusion among the Parties, and Plaintiff seeks dismissal in order to pursue remedies under Delaware law; (iii) no compensation in any form has passed directly or indirectly from any of the Defendants to Plaintiff or Plaintiff's attorneys, and no promise to give any such compensation has been made; (iv) the voluntary dismissal is made without prejudice and therefore will not have any preclusive effect on any other action or the ability of any other Snap Inc. shareholder to pursue claims; and (v) Defendants will not suffer any prejudice as they do not oppose this voluntary dismissal, see, e.g., Indiana State Dist. Council of Laborers & Hod Carriers Pension Fund on Behalf of Elecs. for Imaging, Inc. v. Gecht, 2007 WL 9822669, at *1 (N.D. Cal. Apr. 3, 2007) ("case law indicates that [notice under Rule 23.1(c)] may be obviated if the corporation will not suffer prejudice and there is no trace of collusion between the plaintiff(s) and the defendant(s)"); and /// /// /// 3. The Court finds that the Parties have each complied with their obligations under Rule 11 of the Federal Rules of Civil Procedure. ORDERED. Dated: 9/30/2025 (i Hawa

UNITED STATES DISTRICT JUDGE