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)