



Overstock's Market-Rigging Case to Proceed

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California Supreme Court Decision Clears Way for Release of Discovery on Goldman and Merrill, and for Trial Against Merrill

SALT LAKE CITY, March 2, 2015 (GLOBE NEWSWIRE) — [Overstock.com, Inc.](#) (Nasdaq:OSTK) announces that due to the California Supreme Court's decision last week not to review a lower appellate court ruling, relevant discovery materials gained in its long-fought battle with Goldman Sachs and Merrill Lynch will be released to the public, and it will be proceeding to trial against Merrill Lynch.

Overstock.com CEO Patrick Byrne said, "I have long maintained that Wall Street owns its own regulators, senators, congressmen and financial media, but the one thing they cannot buy is 12 Americans in a jury box. I look forward to seeing what they have to say about the Wall Street mischief we have discovered, and will now expose in a courtroom."

In a suit filed in 2007, Overstock.com alleged certain brokerages engaged in illegal market manipulation ("naked short selling," or selling phantom shares of stock) in a deliberate effort to manipulate Overstock.com's share prices. Over many years and millions of dollars of discovery generating millions of documents, it fashioned its case against some of the premier brokerages on Wall Street. As was previously disclosed in a [blog](#) with the SEC in December 2010, Overstock.com entered into a settlement with certain other defendants in the aggregate amount of \$4.44 million, the terms of which are confidential.

In January 2012, a California trial court decided that relevant portions of the voluminous discovery records regarding Goldman and Merrill should be made public, but dismissed the case on narrow, technical grounds.

In November 2014, an appellate court upheld the decision to make public what had been learned through discovery, and that the case against Merrill Lynch could proceed. Regarding Goldman, the California Appellate Court wrote that, "Goldman knew the trades were sham and created a 'phony' supply of Overstock shares. Indeed there is evidence that Goldman Brokerage acted as Aronstein's agent." (Aronstein and his accomplice Hazen were collectively fined \$8 million by market regulators for their participation in this scheme and each suspended for five years.) "In sum, there is substantial evidence Goldman Brokerage was, itself, a beneficial purchaser of one species of the exotic trades on which Hazen and Aronstein engaged to circumvent Regulation SHO," the California Appellate Court added. However, it decided that on jurisdictional grounds, Goldman could not be included in the California case.

Last week's decision by the California Supreme Court not to review the appellate court ruling means that the process for public release of information gathered through the discovery process may now proceed, and also the trial against Merrill Lynch.

In October 2014, FINRA announced fines totaling \$8 million against Merrill Lynch for Regulation SHO violations which Overstock believes ties to the types of market-rigging practices it alleged in its complaint.

Overstock SVP and General Counsel Mark Griffin added, "It is unfortunate the Court has decided that, despite the substantial evidence against Goldman Sachs, due to jurisdictional grounds they cannot be made to account for in a California courtroom. Overstock looks forward to making that evidence available to the public for review, and we can't wait to get Merrill Lynch in front of a jury, and let them decide what to do about these manipulative stock market abuses."

After settlement in December 2010 against other prime brokerage defendants, the remaining defendants were Merrill Lynch, Pierce, Fenner & Smith, Inc.; Merrill Lynch Professional Clearing Corporation ("Merrill Pro"); Goldman Sachs & Co.; and Goldman Sachs Execution & Clearing L.P. The California Supreme Court's decision means that trial will now proceed against Merrill Lynch Professional Clearing Corporation, a Merrill Lynch subsidiary.

About Overstock.com

[Overstock.com, Inc.](#) (Nasdaq:OSTK) is an online shopping retailer based in Salt Lake City, Utah that sells a broad range of products at low prices including furniture, rugs, bedding, electronics, clothing, and jewelry. [Worldstock.com](#) is a fair trade department dedicated to selling artisan-crafted products from around the world whereas Main Street Revolution supports small businesses across the U.S. by providing them a national customer base. Overstock has additional community-focused initiatives such as [E-Games Market](#) and [Agg-Adaptive](#). Forbes ranked Overstock in its list of the Top 100 Most Trustworthy Companies in 2014. Overstock sells internationally under the name O.co. Overstock Shop's [Facebook](#) and [Twitter](#) accounts regularly posts information about the company and other related matters under [@overstock](#) on its website.

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This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, statements other than statements of historical fact, including statements of future actions or outcomes of the case. Additional information regarding factors that could materially affect results and the accuracy of the forward-looking statements contained herein may be found in the Company's Form 10-Q for the quarter ended Sept. 30, 2014, which was filed with the SEC on Oct. 28, 2014, and any subsequent filings with the SEC.

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