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Want A Piece Of Nasdaq's \$40M Facebook Settlement?

If you want money from the Facebook IPO, get in line. On top of lawsuits by investors, it's not clear if the Nasdaq fueled or quelled claims when the embarrassed exchange offered up \$40M for trading glitches that made the whole mess worse. See [Nasdaq pays \\$40M for Facebook IPO glitches](#). Computer glitches on Facebook's opening day delayed trading by half an hour.

The snafu kept some investors from buying [shares](#) in the morning or selling them later that day. Some didn't even know if their orders went through. Some investors complained that technical problems left them holding shares they didn't want.

Nasdaq's idea is to reimburse investment firms ensnared in technical problems when trading Facebook. The claims process will involve FINRA, the [financial](#) industry's self-regulatory group. Nasdaq says it will



Mark Zuckerberg, Facebook founder and CEO, during his European Tour. (Photo credit: Wikipedia)

reimburse investment firms that tried to sell shares at \$42 or less but couldn't sell or that sold lower than intended. It will also reimburse investment firms that bought at \$42 but whose trades weren't immediately confirmed.

When paid, will this money be taxable? The overriding presumption is that all income is taxed, so probably. But much will depend on the facts and on the position of the party receiving Nasdaq's money.

Say you bought Facebook stock for \$38, it drops to \$30, and you get \$5 back. Do you have to report it as income? If you still hold the stock, your basis was \$38 so the \$5 refund is probably basis reduction. That means you don't pay tax on the \$5 but your basis is now reduced to \$33. See [Facebook IPO Lawsuits: Will IRS Share?](#)

For more, see:

[Stakes Loom Large in Determining Taxation of Investment Loss Lawsuit Recoveries](#)

[Grab Your Fistful Of Zuckerberg's IPO Dollars](#)

[Ten Tax Tips For Stock Options Top Tax Tips From Zuckerberg's Facebook Bonanza](#)

[How Mark Zuckerberg's Taxes Change Now That He's Married](#)

[Expats Face Steep Exit Tax Courtesy Of Facebook](#)

[Facebook's Eduardo Saverin To Host "America's Next Top Tax Lawyer"](#)

[Why Facebook's Co-Founder Just Defriended America](#)

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