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FOCUS AREAS

Securities Fraud

EDUCATION

University of Puget Sound
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Pepperdine Caruso School of Law
J.D., Literary Citation Editor of the Pepperdine Law Review, Certificate in Dispute Resolution, *magna cum laude*

Max Johnson is an associate of the Firm and focuses his practice in securities litigation. Max graduated *magna cum laude* from the Pepperdine Caruso School of Law in 2022. While at Pepperdine, Max served as a Literary Citation Editor for the Pepperdine Law Review. Prior to attending law school, Max earned his undergraduate degree from the University of Puget Sound in the Business Leadership Program

Current Cases

- Catalent, Inc.

This securities fraud class action brings claims against Catalent, Inc. ("Catalent" or the "Company"), an outsourced drug manufacturer for pharmaceutical and biotech companies, and certain of its former senior executives (together, "Defendants"). The case arises out of Defendants' alleged material misrepresentations and omissions regarding the Company's key production facilities and revenue in the face of declining demand for COVID-19 vaccine products.

According to Plaintiffs, Catalent initially benefitted from the COVID-19 pandemic, which increased demand for Catalent's services and catapulted the Company to record high revenues. However, as demand for COVID-19 vaccines waned as a critical mass of Americans were vaccinated, so too did demand for Catalent's services, leaving the Company with diminishing revenues, a bloated headcount, excess production capacity at its newly expanded facilities, and increasing safety and quality control issues at key production facilities in Bloomington, Indiana; Brussels, Belgium;

and Harmans, Maryland.

Rather than admit this truth, however, Defendants made a set of false and misleading statements during the Class Period touting: (i) the good condition and well-maintained nature of Catalent's key production facilities (the "Quality Control Statements"); (ii) the Company's compliance with Generally Accepted Accounting Principles (the "GAAP Compliance Statements"); and (iii) non-COVID related demand for the Company's products and services (the "Non-Vaccine Demand Statements").

On September 15, 2023, Plaintiffs filed a 187-page complaint on behalf of a putative class of investors alleging that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On November 15, 2023, Defendants moved to dismiss the complaint, which Plaintiffs opposed on January 12, 2024. Briefing on the motion was completed on February 15, 2024.

On June 28, 2024, Honorable Judge Zahid N. Quraishi granted in part and denied in part Defendants' motion to dismiss. In the Order, Judge Quraishi held that a subset of Plaintiffs' alleged Quality Control Statements and GAAP Compliance Statements were actionably misleading. The case is in fact discovery.

- Lucid Group, Inc.

Defendant Lucid designs, produces, and sells luxury EVs. This securities fraud class action arises out of Defendants' misrepresentations and omissions regarding Lucid's production of its only commercially-available electronic vehicle ("EV"), the Lucid Air, and the factors impacting that production.

To start the Class Period, on November 15, 2021, Defendants told investors that Lucid would produce 20,000 Lucid Airs in 2022. This was false, and Defendants knew it. According to numerous former Lucid employees, Defendants already knew then that Lucid would produce less than 10,000 units in 2022, and admitted this fact during internal meetings preceding the Class Period. They also knew why Lucid could not meet this production target—the Company was suffering from its own unique and severe problems that were stalling production of the Lucid Air, including internal logistics issues, design flaws, and the key drivers of parts shortages. These problems had not only prevented, but continued to prevent Lucid from ramping up production of the Lucid Air.

Despite the actual state of affairs at Lucid, on November 15, 2021, and at all times thereafter during the Class Period, Defendants concealed these severe, internal, Company-specific problems. At every turn, when asked about the pace of production, or to explain the factors causing Lucid's production delays, Defendants blamed the Company's woes on the purported impact of external, industrywide supply chain problems and repeatedly assured investors that the Company was "mitigating" that global impact.

These misrepresentations left investors with a materially false and misleading impression about Lucid's actual production and internal ability and readiness to mass produce its vehicles. Against that backdrop, Defendants then lied, time and again, about the number of vehicles Lucid would produce. Even when, in February 2022, Defendants announced a reduced production target of 12,000 to 14,000 units, they continued to point to purported industry-wide supply chain problems and once more assured the market that the Company was thriving in spite of such issues. When the truth regarding Lucid's false claims about its production and the factors impacting that production finally emerged, Lucid's stock price cratered, causing massive losses for investors.

On December 13, 2022, the Plaintiff filed a 138-page consolidated complaint on behalf of a putative class of investors alleging that Defendants Lucid, Rawlinson, and House violated 10(b) and 20(a) of the Securities Exchange Act. On February 23, 2023, Defendants filed a motion to dismiss. In August, the Court denied in part and granted in part Defendants' motion to dismiss. On September 20, 2024, the Plaintiff filed an amended complaint. Defendants' motion to dismiss the amended complaint is fully briefed. In May, the Court denied in part and granted in part Defendants' motion to dismiss. The case is now in fact discovery.

- NVIDIA Corporation

This securities fraud class action brings claims against NVIDIA, the world's largest maker of graphic processing units (GPUs), and its Chief Executive Officer Jensen Huang. The case arises out of Defendants' efforts to fraudulently conceal the extent of NVIDIA's reliance on GPU sales to cryptocurrency miners. Led by Öhman Fonder, one of Sweden's largest institutional investors, the suit alleges that in 2017 and 2018, NVIDIA's revenues skyrocketed when it sold a record number of GPUs to crypto miners. Plaintiffs allege that during this period, NVIDIA's sales to crypto miners outpaced its sales to the company's traditional customer base of video gamers. Yet Defendants misrepresented the true extent of NVIDIA's cryptocurrency-related sales, enabling the company to disguise the degree to which its growth was dependent on the notoriously volatile demand for crypto.

Following the price collapse of Etherium, a leading digital token, in late 2018, investors began to learn of NVIDIA's true dependence on sales to crypto miners. This culminated on November 15, 2018, when NVIDIA announced it was only expecting $2.7 billion in fourth quarter revenues (a 7% decline year-over-year) which it attributed to a "sharp falloff in crypto demand." Market commentators expressed shock at the company's about-face, and NVIDIA's stock price fell precipitously, damaging investors by billions of dollars in market losses.

The action was filed in June 2019 on behalf of a putative class of

investors alleging that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. After the District Court dismissed the complaint, Plaintiffs successfully appealed the dismissal to the U.S. Court of Appeals for the Ninth Circuit. On August 25, 2023, in a published decision, the Ninth Circuit reversed, holding that Plaintiffs had sufficiently alleged that Defendants "made materially false or misleading statements about the company's exposure to crypto, leading investors and analysts to believe that NVIDIA's crypto-related revenues were much smaller than they actually were." The Ninth Circuit further held that the complaint sufficiently alleged that Defendants knew or were at least deliberately reckless as to the falsity of their statements.

Defendants filed a petition for a writ of certiorari to the U.S. Supreme Court challenging the Ninth's Circuit's decision. The Supreme Court granted the petition on June 17, 2024. Following extensive briefing and oral argument, on December 11, 2024, the Supreme Court dismissed the writ of certiorari as improvidently granted, paving the way for Plaintiffs to enter discovery and prosecute their case against Defendants before the District Court. Fact discovery is ongoing.

Read the Ninth Circuit Opinion Here

Read the Supreme Court Decision Here

- Signature Bank

This securities fraud class action arises out of representations and omissions made by former executives of Signature Bank ("SBNY" or the "Bank") and the Bank's auditor, KPMG, about the Bank's emergent risk profile and deficient management of those risks that ultimately caused the Bank to collapse in March 2023. The Bank's collapse marked the third largest bank failure in U.S. history, and erased billions in shareholder value.

As is alleged in the Complaint, SBNY had long been a conservative New York City-centric operation serving real estate companies and law firms. Leading up to and during the Class Period, however, the individual Defendants pursued a rapid growth strategy focused on serving cryptocurrency clients. In 2021, the first year of the Class Period, SBNY's total deposits increased $41 billion (a 67% increase); cryptocurrency deposits increased $20 billion (constituting over 25% of total deposits); and the stock price hit record highs. Defendants assured investors that the Bank's growth was achieved in responsible fashion—telling them that the Bank had tools to ensure the stability of new deposits, was focused on mitigating risks relating to its growing concentration in digital asset deposits, and was performing required stress testing.

Unknown to investors throughout this time, however, Defendants lacked even the most basic methods to analyze the Bank's rapidly

shifting risk profile. Contrary to their representations, Defendants did not have adequate methods to analyze the stability of deposits and did not abide by risk or concentration limits. To the contrary, deposits had become highly concentrated in relatively few depositor accounts, including large cryptocurrency deposits—an issue that should have been flagged in the Bank's financial statements. The Bank's stress testing and plans to fund operations in case of contingency were also severely deficient. The Bank's regulators communicated these issues directly to Defendants leading up to and throughout the Class Period—recognizing on multiple occasions that Defendants had failed to remedy them.

Investors began to learn the truth of Defendants' misrepresentations and omissions of material fact as widespread turmoil hit the cryptocurrency market in 2022, resulting in deposit run-off and calling into question SBNY's assessment and response to the cryptocurrency deposit risks. During this time period, Defendants again assured investors that the Bank had appropriate risk management strategies and even modeled for scenarios where cryptocurrency deposits were all withdrawn. Investors only learned the true state of SBNY's business on March 12, 2023, when the Bank was shuttered and taken over by regulators.

In December, Plaintiff filed a 166-page complaint on behalf of a putative class of investors alleging that Defendants violated Section 10(b) of the Securities Exchange Act of 1934. Defendants and the FDIC (as Receiver for the Bank) both moved to dismiss the complaint. In the Spring 2025, the Court granted the FDIC's motion on jurisdictional grounds. The Court did not address Defendants' motions to dismiss related to the sufficiency of the allegations under the Exchange Act. Plaintiff is currently in the process of appealing that decision to the Second Circuit.

- Silicon Valley Bank ("SVB")

CASE CAPTION	*In re SVB Fin. Grp. Sec. Litig.*
COURT	United States District Court for the Northern District of California
CASE NUMBER	3:23-cv-01097-JD

JUDGE	Honorable Noël Wise
PLAINTIFFS	Norges Bank; Sjunde AP-Fonden; Asbestos Workers Philadelphia Welfare and Pension Fund; Heat & Frost Insulators Local 12 Funds
EXCHANGE ACT DEFENDANTS	Gregory W. Becker; Daniel J. Beck
EXCHANGE ACT CLASS	Purchasers of the common stock of Silicon Valley Bank Financial Group between January 21, 2021, to March 10, 2023, inclusive
SECURITIES ACT DEFENDANTS	Gregory W. Becker; Daniel J. Beck, Karen Hon; Goldman Sachs & Co. LLC; BofA Securities, Inc.; Keefe, Bruyette & Woods, Inc.; Morgan Stanley & Co. LLC; Roger Dunbar; Eric Benhamou; Elizabeth Burr; John Clendening;

	Richard Daniels; Alison Davis; Joel Friedman; Jeffrey Maggioncalda; Beverly Kay Matthews; Mary J. Miller; Kate Mitchell; Garen Staglin; KPMG LLP
SECURITIES ACT CLASS	Purchasers in the following registered offerings of securities issued by Silicon Valley Bank Financial Group: (i) Series B preferred stock and 1.8% Senior Notes offering on February 2, 2021; (ii) common stock offering on March 25, 2021; (iii) Series C preferred stock and 2.10% Senior Notes offering on May 13, 2021; (iv) common stock offering on August 12, 2021; (v) Series D preferred stock and 1.8% Senior Notes offering on October

28, 2021; and (vi) 4.345% Senior Fixed Rate/Floating Rate Notes and 4.750% Senior Fixed Rate/Floating Rate Notes offering on April 29, 2022.

Plaintiffs bring this securities fraud class action under the Securities Exchange Act of 1934 ("Exchange Act") and Securities Act of 1933 ("Securities Act") against former executives and Board members of Silicon Valley Bank ("SVB" or the "Bank"), underwriters of certain of SVB's securities offerings, and the Bank's auditor, KPMG LLP (collectively, "Defendants"). The action centers on Defendants' misrepresentations and omissions concerning the Bank's deficient risk management, including its management of liquidity and interest rate risks. A post mortem report from the Federal Reserve ultimately found that these deficiencies were directly linked to the Bank's collapse in March 2023.

The Exchange Act claims are brought on behalf of all persons and entities who purchased or otherwise acquired the common stock of Silicon Valley Bank Financial Group, the parent company of SVB, between January 21, 2021 and March 10, 2023, inclusive (the "Class Period"), and were damaged thereby. Specifically, Plaintiffs allege that throughout the Class Period, SVB's CEO Gregory W. Becker and CFO Daniel Beck (the "Exchange Act Defendants") made false and misleading statements and omissions regarding SVB's risk management practices, and its ability to hold tens of billions of dollars in "HTM" securities to maturity.

Contrary to the Exchange Act Defendants' statements, and unbeknownst to SVB investors, SVB suffered from severe and significant deficiencies in its risk management framework and, accordingly, could not adequately assess, measure, and mitigate the many risks facing the Bank, nor properly assess its ability to hold its HTM securities to maturity. As the Federal Reserve has outlined, SVB had a grossly deficient risk management program that posed a "significant risk" to "the Firm's prospects for remaining safe and sound"; had in place interest rate models that were unrealistic and "not reliable"; employed antiquated stress testing methodologies; and had a liquidity risk management program that threatened SVB's "longer term financial resiliency" by failing to ensure that the Bank would have "enough easy-to-tap cash on hand in the event of trouble" or assess how its projected

contingency funding would behave during a stress event. Plaintiffs further allege that the Exchange Act Defendants were well aware of these deficiencies because, among other things, the Federal Reserve repeatedly warned the Exchange Act Defendants about the deficiencies and the dangers they posed throughout the Class Period.

The Securities Act claims are brought on behalf of all persons and entities who purchased or acquired SVB securities in or traceable to SVB's securities offerings completed on or about February 2, 2021, March 25, 2021, May 13, 2021, August 12, 2021, October 28, 2021, and April 29, 2022 (the "Offerings"). Plaintiffs allege that the offering documents accompanying these issuances also contained materially false statements regarding the effectiveness of the Bank's interest rate and liquidity risk management, and its ability to hold its HTM securities to maturity. Through these Offerings, SVB raised $8 billion from investors.

Investors began to learn the relevant truth concealed by Defendants' misrepresentations and omissions in 2022, when Defendants reported that, contrary to their prior representations, the rising interest rate environment had caused an immediate impact to the Bank's financial results and future estimates. On March 8, 2023, the relevant truth was further revealed when SVB announced that, due to short-term liquidity needs, the Bank had been forced to sell all of its available for sale securities portfolio for a nearly $2 billion dollar loss, and would need to raise an additional $2.25 billion in funding. Two days later, on March 10, 2023, the California Department of Financial Protection & Innovation closed SVB and appointed the FDIC as the Bank's receiver. SVB has filed for bankruptcy, and Congress, the DOJ, the SEC, and multiple other government regulators have commenced investigations into the Bank's collapse and the Exchange Act Defendants' insider trading.

On January 16, 2024, Plaintiffs filed an amended operative complaint detailing Defendants' violations of the federal securities laws. Defendants filed three separate motions to dismiss the complaint, which Plaintiffs opposed in May 2024. On June 13, 2025, U.S. District Judge Noël Wise denied all motions to dismiss in a 29-page opinion. The case is now in fact discovery.

- Wells Fargo (SEB)

This securities fraud class action arises out of Wells Fargo's misrepresentations and omissions regarding its diversity hiring initiative, the Diverse Search Requirement. According to Wells Fargo, the Diverse Search Requirement mandated that for virtually all United States job openings at Wells Fargo that paid $100,000 a year or more, at least half of the candidates interviewed for an open position had to be diverse (which included underrepresented racial or ethnic groups, women, veterans, LGBTQ individuals, and

those with disabilities).

Throughout the Class Period, Defendants repeatedly lauded the Diverse Search Requirement to the market. In reality, however, Wells Fargo was conducting "fake" interviews of diverse candidates simply to allow the Company to claim compliance with the Diverse Search Requirement. Specifically, Wells Fargo was conducting interviews with diverse candidates for jobs where another candidate had already been selected. These fake interviews were widespread, occurring across many of Wells Fargo's business lines prior to and throughout the Class Period. When the relevant truth concealed by Defendants' false and misleading statements was revealed on June 9, 2022, the Company's stock price declined significantly, causing significant losses to investors.

On January 31, 2023, Plaintiffs filed a complaint on behalf of a putative class of investors alleging that Defendants Wells Fargo, Scharf, Santos, and Sanchez violated Section 10(b) of the Securities Exchange Act of 1934. In addition, the complaint alleged that Scharf, as CEO of Wells Fargo, violated Section 20(a) of the Securities Exchange Act of 1934. Defendants filed a motion to dismiss on April 3, 2023, which the Court granted with leave to amend on August 18, 2023. On September 8, 2023, Plaintiffs filed an amended complaint. Defendants' moved to dismiss the amended complaint in October 2023. On July 29, 2024 Defendants' motion to dismiss was denied in full. Fact discovery ended in February 2025. On April 25, 2025, the Court granted Plaintiffs' motion for class certification. Summary judgment and *Daubert* motions are fully briefed and pending before the Court. With trial scheduled for early 2026 and on the eve of the parties' summary judgment hearing, Plaintiffs negotiated an $85 million cash settlement to resolve all claims. That settlement is subject to final approval by the Court.

Read Notice of Pendency of Class Action Here
Read the Class Action Complaint for Violations of the Federal Securities Laws Here
Read the Order Denying the Motion to Dismiss Here