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FOCUS AREAS

Securities Fraud

Arbitration

SecuritiesTracker™

EDUCATION

Wharton School of Business at University of Pennsylvania

B.A.

Loyola Law School

J.D.

ADMISSIONS

Pennsylvania

New Jersey

USCA, Second Circuit

Gregory M. Castaldo is a master litigation strategist with over 20 years experience in complex securities fraud cases. Institutional investors trust Greg's judgment in developing and executing successful litigation plans, from initial claim identification and investigation, all the way through resolution. As a result, he handles many of the firm's most significant cases in both state and federal courts.

Greg has represented several of the world's largest pension funds in cases against Bank of America related to its acquisition of Merrill Lynch, Lehman Brothers, Tenet Healthcare, and Duke Energy. In 2014, he won a rare plaintiff's victory in a full jury trial against China's Longtop Financial Technologies in the Southern District of New York.

Current Cases

- General Electric Company

This securities fraud class action case arises out of alleged misrepresentations made by General Electric ("GE") and its former Chief Financial Officer, Jeffrey S. Bornstein (together, "Defendants"), regarding the use of factoring to conceal cash flow problems that existed within GE Power between March 2, 2015, and January 24, 2018 (the "Class Period").

GE Power is the largest business in GE's Industrials operating segment. The segment constructs and sells power plants, generators, and turbines, and also services such assets through long term service agreements ("LTSAs"). In the years leading up to

the Class Period, as global demand for traditional power waned, so too did GE's sales of gas turbines and its customer's utilization of existing GE-serviced equipment. These declines drove down GE Power's earnings under its LTSAs associated with that equipment. This was because GE could only collect cash from customers when certain utilization levels were achieved or upon some occurrence within the LTSA, such as significant service work.

Plaintiffs allege that in an attempt to make up for these lost earnings, GE modified existing LTSAs to increase its profit margin and then utilized an accounting technique known as a "cumulative catch-up adjustment" to book immediate profits based on that higher margin. In most instances, GE recorded those cumulative catch-up earnings on its income statement long before it could actually invoice customers and collect cash under those agreements. This contributed to a growing gap between GE's recorded non-cash revenues (or "Contract Assets") and its industrial cash flows from operating activities ("Industrial CFOA").

In order to conceal this increasing disparity, Plaintiffs allege that GE increased its reliance on long-term receivables factoring (i.e., selling future receivables to GE Capital, GE's financing arm, or third parties for immediate cash). Through long-term factoring, GE pulled forward future cash flows, which it then reported as cash from operating activities ("CFOA"). GE relied on long-term factoring to generate CFOA needed to reach publicly disclosed cash flow targets. Thus, in stark contrast to the true state of affairs within GE Power—and in violation of Item 303 of Regulation S-K—GE's Class Period financial statements did not disclose material facts regarding GE's factoring practices, the true extent of the cash flow problems that GE was attempting to conceal through receivables factoring, or the risks associated with GE's reliance on factoring.

Eventually, however, GE could no longer rely on this unsustainable practice to conceal its weak Industrial cash flows. As the truth was gradually revealed to investors—in the form of, among other things, disclosures of poor Industrial cash flows and massive reductions in Industrial CFOA guidance—GE's stock price plummeted, causing substantial harm to Plaintiffs and the Class.

In January 2021, the Court sustained Plaintiffs' claims based on allegations that GE failed to disclose material facts relating its practice of and reliance on factoring, in violation of Item 303, and affirmatively misled investors about the purpose of GE's factoring practices. In April 2022, following the completion of fact discovery, the Court granted Plaintiffs' motion for class certification, certifying a Class of investors who purchased or otherwise acquired GE common stock between February 29, 2016 and January 23, 2018. In that same order, the Court granted Plaintiffs' motion for leave to amend their complaint to pursue claims based on an additional false statement made by Defendant Bornstein. The Court had

previously dismissed these claims but, upon reviewing Plaintiffs' motion—based on evidence obtained through discovery—permitted the claim to proceed.

On September 28, 2023, the Court entered an order denying Defendants' motion for summary judgment, sending Plaintiffs' claims to trial. In March 2024, the Court denied Defendants' motion for reconsideration of its summary judgment decision. With trial set to begin in November 2024, in October, the parties agreed to resolve the matter for \$362.5 million, pending the Court's approval.

[Read Fifth Amended Consolidated Class Action Complaint Here](#)
[Read Opinion and Order Granting and Denying in Part Motion to Dismiss Here](#)

[Read Order Granting Motion for Class Certification and for Leave to Amend Here](#)

[Click Here to Read the Class Notice](#)

[Read Opinion and Order Here \(9/28/23\)](#)

[Read Memorandum Opinion & Order Here \(3/21/24\)](#)

- 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. The parties are currently engaged in motion to dismiss briefing.

- Natera, Inc.

This securities fraud class action arises out of Natera's representations and omissions about the purported "superiority" of its kidney transplant rejection test, Prospera, compared to a competitor's product, AlloSure, and the revenues and demand associated with the Company's flagship non-invasive prenatal screening test, Panorama. During the Class Period, Defendants touted Prospera's superiority over AlloSure based on what they represented as a head-to-head comparison of underlying study data. However, internal Natera emails revealed that Natera recognized that the comparisons were unsupported and misleading. Further, Defendants consistently highlighted the impressive revenue performance and seemingly organic demand for Panorama. However, the market was unaware that Natera employed several deceptive billing and sales practices that inflated these metrics. Meanwhile, Defendants, CEO Steve Chapman, CFO Matthew Brophy, and co-founder and Executive Chairman of the Board, Matthew Rabinowitz, sold more than \$137 million worth of Natera common stock during the Class Period. Natera also cashed in, conducting two secondary public offerings, selling investors over \$800 million of Natera common stock during the Class Period.

The truth regarding Prospera's false claims of superiority and the Company's deceptive billing and sales practices was disclosed to the public through disclosures on March 9, 2022, and March 14, 2022. Natera's stock price fell significantly in response to each corrective disclosure, causing massive losses for investors.

On October 7, 2022, Plaintiffs filed an 89-page amended complaint on behalf of a putative class of investors alleging that Natera, Chapman, Brophy, Rabinowitz, and former Chief Medical Officer and Senior Vice President of Medical Affairs, Paul R. Billings, violated Sections 10(b) and 20(a) of the Securities Exchange Act.

Plaintiffs also allege that Defendants Chapman, Brophy, and Rabinowitz violated Section 20A of the Exchange Act by selling personally held shares of Natera common stock, while aware of material nonpublic information concerning Prospera and Panorama. In addition, Plaintiffs claim that Defendants Chapman, Brophy, Rabinowitz, several Natera directors, and the underwriters associated with Natera's July 2021 secondary public offering violated Sections 11, 12(a)(2), and 15 of the Securities Act.

On December 16, 2022, Defendants filed motions to the complaint, which Plaintiffs opposed on February 17, 2023. On September 11, 2023, the Court entered an Order granting in part and denying in part Defendants' motions to dismiss the complaint. In the Order, the Court sustained all claims arising under Sections 10(b), 20(a), and 20(A) of the Exchange Act based on the complaint's Panorama allegations. The Court also sustained Plaintiffs' Securities Act claims based on the Panorama fraud that arose from Defendants' disclosure violations under two SEC regulations (Item 105 and Item 303), both of which required the provision of certain material facts in the Company's offering materials.

The case is now in fact discovery. In May, Defendants filed a motion for judgment on the pleadings, which Plaintiffs opposed. That motion is fully briefed and pending before the Court. In June, Plaintiffs filed a motion seeking class certification. Briefing on that motion is now completed and pending before the Court.

[Read Amended Consolidated Class Action Complaint Here](#)
[Read Motion for Class Certification 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. Briefing on Defendants' motions to dismiss is completed and pending before the Court.

- Zillow Group, Inc.

This securities fraud action alleges that Defendants violated Section 10(b) of the Securities Exchange Act by affirmatively misleading investors about the reckless and undisclosed bet that Zillow Group, Inc. ("Zillow" or the "Company") was taking with its Zillow Offers iBuyer business.

iBuyers use algorithms to estimate home values, and then make instant cash offers to purchase homes based on those estimated values. If a homeowner accepts, the iBuyer makes repairs and flips the home. Zillow entered the iBuyer business in 2018, launching Zillow Offers. By 2021, however, Zillow Offers' growth was lagging. In an attempt to jumpstart it, Plaintiff alleges that in Spring 2021, Defendants undertook a series of drastic and risky actions,

including applying large “overlays” on top of the values generated by Zillow’s pricing algorithms, which significantly increased purchase offers. Not surprisingly, many homeowners accepted Zillow’s inflated offers and soon the Company was touting the “strong demand” for Zillow Offers to investors while concealing the risky overlays that had actually driven growth.

Within months, Defendants’ reckless bets caught up to them. By November 2, 2021, Zillow announced that it was shuttering Zillow Offers, taking a \$569 million impairment charge because it had overpaid for 18,000 homes, and axing 25% of its workforce. In response, Zillow’s stock prices plummeted, causing significant investor losses. Market commentators expressed outrage, calling the announcement a “financial disaster,” a “debacle” and declaring that “management should be accountable.”

On May 12, 2022, Plaintiff filed the operative complaint (“Complaint”) in the action on behalf of a class of investors who purchased Zillow’s stocks, including its Class C capital stock and Class A common stock, from August 5, 2021 to November 2, 2021, inclusive. Defendants moved to dismiss the Complaint in its entirety on July 11, 2022. On December 7, 2022, U.S. District Judge Thomas S. Zilly of the Western District of Washington denied Defendants’ motion as to all but one statement. The case is now in discovery. On August 12, 2024, the Court granted Plaintiff’s request for leave to file an amended complaint, which Plaintiff subsequently filed on August 16, 2024. On August 23, 2024, the Court granted Plaintiff’s motion for class certification, which was filed on March 14, 2024.

[Read Consolidated Class Action Complaint Here](#)

[Read Order Granting Class Certification Here](#)

Settled

- Allergan Inc.
Allergan stockholders alleged that in February 2014, Valeant tipped Pershing Square founder Bill Ackman about its plan to launch a hostile bid for Allergan. Armed with this nonpublic information, Pershing then bought 29 million shares of stock from unsuspecting investors, who were unaware of the takeover bid that Valeant was preparing in concert with the hedge fund. When Valeant publicized its bid in April 2014, Allergan stock shot up by \$20 per share, earning Pershing \$1 billion in profits in a single day.
Valeant’s bid spawned a bidding war for Allergan. The company was eventually sold to Actavis PLC for approximately \$66 billion.
Stockholders filed suit in 2014 in federal court in the Central District of California, where Judge David O. Carter presided over the case. Judge Carter appointed the Iowa Public Employees Retirement System (“Iowa”) and the State Teachers Retirement System of Ohio (“Ohio”) as lead plaintiffs, and

appointed Kessler Topaz Meltzer & Check, LLP and Bernstein Litowitz Berger & Grossmann, LLP as lead counsel. The court denied motions to dismiss the litigation in 2015 and 2016, and in 2017 certified a class of Allergan investors who sold common stock during the period when Pershing was buying.

Earlier in December, the Court held a four-day hearing on dueling motions for summary judgment, with investors arguing that the Court should enter a liability judgment against Defendants, and Defendants arguing that the Court should throw out the case. A ruling was expected on those motions within coming days.

The settlement reached resolves both the certified stockholder class action, which was set for trial on February 26, 2018, and the action brought on behalf of investors who traded in Allergan derivative instruments. Defendants are paying \$250 million to resolve the certified common stock class action, and an additional \$40 million to resolve the derivative case.

Lee Rudy, a partner at Kessler Topaz and co-lead counsel for the common stock class, commented: "This settlement not only forces Valeant and Pershing to pay back hundreds of millions of dollars, it strikes a blow for the little guy who often believes, with good reason, that the stock market is rigged by more sophisticated players. Although we were fully prepared to present our case to a jury at trial, a pre-trial settlement guarantees significant relief to our class of investors who played by the rules."

- Seaworld Entertainment Inc.
After over five years of hard-fought litigation, on February 19, 2020, Judge Michael M. Anello of the U.S. District Court for the Southern District of California granted preliminary approval of a class action settlement brought on behalf of SeaWorld Entertainment, Inc. shareholders. Since December 2014, Kessler Topaz has served as co-lead counsel in the litigation. The case alleges that SeaWorld and its former executives issued materially false and misleading statements during the Class Period about the impact on SeaWorld's business of *Blackfish*, a highly publicized documentary film released in 2013, in violation of Section 10(b) of the Exchange Act of 1934. Defendants repeatedly told the market that the film and its related negative publicity were not affecting SeaWorld's attendance or business at all. When the underlying truth of *Blackfish's* impact on the business finally came to light in August 2014, SeaWorld's stock price lost approximately 33% of its value in one day, causing substantial losses to class members.
In April 2019, after the close of fact and expert discovery, Defendants moved for summary judgment on all claims—their last and best opportunity to avoid a jury trial on the Class's

claims through a dispositive motion. After highly contested briefing and oral argument, in November 2019 the Court held in a 98-page opinion that Plaintiffs had successfully shown that the claims should go to a jury.

With summary judgment denied and the parties preparing for a February 2020 trial, the parties reached a \$65 million cash settlement for SeaWorld's investors.

- Tenet Healthcare Corp.
As co-lead counsel representing the State of New Jersey – Division of Investment, negotiated a groundbreaking multipart settlement in litigation arising from Tenet Healthcare's (Tenet) manipulation of the Medicare Outlier reimbursement system and related misrepresentations and omissions. The initial partial settlement included \$215 million from Tenet, personal contributions totaling \$1.5 million from two individual defendants—an unusual result in class action litigation—and numerous changes to the company's corporate governance practices. A second partial settlement of \$65 million from Tenet's outside auditor, KPMG, addressed claims that it had provided false and misleading certifications of Tenet's financial statements. As a result of the settlement, various institutional rating entities now rank Tenet's corporate governance policies among the strongest in the United States.

News

- October 1, 2020 - Kessler Topaz Meltzer & Check, LLP Once Again Included in the Benchmark Litigation Guide to America's Leading Litigation Firms and Attorneys for 2021
- March 31, 2020 - On the Eve of Trial, Investors Reach \$65 Million Settlement in Securities Fraud Class Action Against SeaWorld Entertainment and the Blackstone Group
- September 24, 2019 - Kessler Topaz Meltzer & Check, LLP Once Again Included in the Benchmark Litigation Guide to America's Leading Litigation Firms and Attorneys for 2020
- May 8, 2017 - Kessler Topaz Again Named Class Action Litigation Department of the Year by The Legal Intelligencer
- January 3, 2017 - Kessler Topaz Again Named One of America's Leading Litigation Firms by Benchmark Litigation
- November 24, 2015 - Kessler Topaz Again Named One of America's Leading Litigation Firms by Benchmark Litigation

Awards/Rankings

- Benchmark Litigation Star, 2019-2025
- Lawdragon 500 Leading Plaintiff Financial Lawyer, 2019-2024

