
Cahill Secures Second Circuit Victory For Credit Suisse In DGAZ ETN Litigation

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Cahill has successfully defended Credit Suisse in a putative securities class action alleging that Credit Suisse is responsible for losses suffered by short sellers following a June 2020 announcement that Credit Suisse would delist and suspend further issuances of the DGAZ ETNs.

On February 9, 2024, the Second Circuit unanimously affirmed a district court ruling dismissing the action with prejudice, with the panel holding that plaintiffs “fail[ed] to state plausible facts supporting an inference of scienter.”

The litigation began in January 2022, when a group of short sellers alleged that Credit Suisse had access to, but failed to disclose, information that would have put investors on notice that a short squeeze would occur approximately a month and a half after the June 2020 announcement, and created circumstances where third-parties could manipulate the market for DGAZ. In response, Cahill argued, among other things, that the complaint failed to plausibly allege a material misstatement or omission, market manipulation, or scienter.

The district court agreed with all of these arguments, and dismissed the action with prejudice on March 31, 2023, after which plaintiffs filed a notice of appeal to the Second Circuit.

The win earned partners Herb Washer, John MacGregor, and Sheila Ramesh recognition in *The American Lawyer's Litigators of the Week* column.

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