BFA Defeats Motion to Dismiss in CVS Securities Litigation

On August 27, 2026, Judge Margaret M. Garnett of the Southern District of New York partially denied Defendants' motion to dismiss the securities fraud class action *Nixon v. CVS Health Corporation et al*.

The Amended Complaint alleges that CVS and certain of its senior management knew or recklessly disregarded that CVS misrepresented the drivers of its financial results, attributing those results to legitimate business factors like the company's "strong underlying performance."

However, in truth, CVS allegedly bolstered its financial results through the use of prior authorizations and artificial intelligence to improperly deny claims and reduce administrative and medical costs. According to Judge Garnett, "CVS' use of prior authorizations and AI programs to automate reviews yielded a whopping $1.1 billion in savings—significant even in the context of a large company like CVS. Nevertheless, in numerous filings and public comments, Defendants identified specific factors as the primary drivers of this success."

A team of BFA attorneys, including partners Joseph Fonti, Erin Woods, Evan Kubota, and George Bauer were involved in investigating and drafting the Amended Complaint and opposing Defendants' motion to dismiss.

The case will now proceed to discovery.

