

## BFA Submits Amicus Brief to U.S. Supreme Court in Critical Issue for Investors

BFA submitted a brief to the U.S. Supreme Court on behalf of professors of securities law and complex litigation as amici curiae in support of respondents in *Arkansas Teacher Retirement System v. Goldman Sachs Group Inc. ("Goldman")*. This case addresses critical legal issues affecting investors' rights to recoup damages from publicly traded companies that have committed securities fraud.

In *Goldman* plaintiffs alleged that Goldman Sachs made false statements about its conflicts-of-interest policies and practices, in violation of section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5. To obtain class certification, plaintiffs relied on *Basic Inc. v. Levinson*, 485 U.S. 224 (1988), which provides that when securities are traded in an efficient market, it can be presumed that all investors relied on public, material misrepresentations regarding those securities. Goldman opposed class certification, arguing that the alleged misstatements were "too generic" to be relied upon by a reasonable investor and were incapable of influencing securities prices as a matter of law. The district court certified the class and the court of appeals affirmed. Goldman then petitioned the Supreme Court for review.

In its brief on behalf of leading professors, BFA argues that investors evaluate statements in the context that they are made. Investors today have sophisticated computerized tools to analyze and understand corporate statements and disclosures. The statements that Goldman argues are "generic" or "general" are the types of statements that can motivate investors especially when analyzed in their broader context. BFA also argues that Goldman attempts to artificially narrow the scope of securities fraud by attacking price-maintenance theory and making an end-run around established precedent regarding class certification. Goldman's argument that their statements were too generic to support a claim of securities fraud raises materiality issues and the Supreme Court has already held that Plaintiffs do not need to establish materiality at the class certification stage.

BFA is proud to be at the forefront of the legal battle protecting the integrity of the securities markets and investors from corporate fraud.

A decision is expected in June 2021.