

Jeffrey Steinfeld Discusses Second Circuit Decision on Securities Fraud Lawsuit with *The National Law Journal*

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Winston & Strawn partner Jeffrey Steinfeld was quoted in *The National Law Journal* discussing the recent decision from the U.S. Court of Appeals for the Second Circuit upholding the dismissal of a securities fraud lawsuit against an international tobacco company. Investors claimed the company made false statements about the results and methodology of its scientific studies used to support its application to the U.S. Food and Drug Administration for permission to market smoke-free tobacco products as safer than traditional cigarettes.

The panel stated that vague descriptions of studies and methodology are statements of opinion rather than fact and investors cannot bring securities fraud claims based on those statements. The court also noted that if a regulatory body accepts a company's interpretation of scientific data, then securities fraud claims based on the company's statements cannot move forward.

Jeffrey stated that while the case was limited to scientific studies and data, the rationale behind the Second Circuit's ruling might apply to broader contexts.

"[P]laintiffs may have a harder time pleading securities claims based on a company's statements that they believed the company was in compliance with a given set of standards (scientific or otherwise) and, when it comes to interpreting data, if the company's interpretation is endorsed by the relevant regulator, it may be deemed reasonable per se," he said.

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