WINSTON & STRAWN LLP

NEWS

Winston & Strawn Secures Dismissal of Securities Fraud Class Action Against Omnicare

OCTOBER 10, 2014

In a unanimous decision issued on October 10, 2014, a federal appellate court handed a decisive victory to Winston & Strawn client Omnicare, Inc., the nation's leading provider of pharmaceutical services. The United States Court of Appeals for the Sixth Circuit affirmed the dismissal with prejudice of a consolidated federal securities fraud class action against the company and four of its current and former senior executives. The complaint alleged that Omnicare issued materially false and misleading financial statements and misrepresented in its SEC filings and to analysts that it was in material compliance with applicable Medicare and Medicaid laws. According to the plaintiffs, Omnicare's purported misconduct was ultimately revealed to investors by way of a whistleblower lawsuit, allegedly resulting in a dip in Omnicare's stock price that cost the company's shareholders hundreds of millions of dollars.

Earlier this year, the district court dismissed the plaintiffs' complaint with prejudice. In its recent decision, the appellate court affirmed that ruling, finding that the plaintiffs failed to plead sufficient facts to establish that Omnicare or its officers knowingly made any actionable misrepresentations in their SEC filings and/or statements to analysts. The decision has received widespread publicity for the court's adoption of a new standard for pleading corporate intent.

The Winston litigation team was led by partner John Schreiber.

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