

Simpson Thacher Wins Dismissal of Securities Litigation Against Qudian

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The Firm successfully secured the dismissal of a putative securities class action filed in the Southern District of New York against client Chinese online micro-lender Qudian Inc.

Amidst the turmoil of a regulatory crackdown on Chinese lenders, and a budding pandemic set to send shockwaves through the world, Qudian's retraction of its 2019 future earnings guidance led plaintiffs to bring claims under Sections 10(b) and 20(a) of the Securities Exchange Act against the company. The alleged misstatements and omissions related primarily to Qudian's earnings guidance. Plaintiffs also alleged misstatements or omissions in connection with the regulatory environment, Qudian's historical lending platform, its credit lending standards in that business, and its new Open Platform business. In September 2020, the Simpson Thacher team filed a motion to dismiss Plaintiffs' consolidated Amended Complaint, arguing that the Plaintiffs failed to state a claim, failing to adequately plead either a material misrepresentation or scienter.

On September 13, 2022, the Hon. Gregory H. Woods dismissed the Complaint in its entirety with leave to amend, finding that Plaintiffs had not plausibly alleged that Defendants' statements violated federal securities laws. The court noted that "[m]ost of the challenged statements are not actionable" at all and that Plaintiffs' arguments also contained "clear attempt[s] to plead fraud by hindsight," as well as failing to adequately allege scienter. Following the ruling, Plaintiffs elected not to amend the Complaint and did not oppose the entry of judgment in Qudian's favor, which was entered on December 7, 2022.

The Simpson Thacher team includes Stephen Blake, James Kreissman, Bryan Jin, Jonathan Sanders, and Eric McCaffree.

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