

Meredith Defeats Securities Class Action in Eighth Circuit

October 29, 2021

Cooley litigators secured a victory in the US Court of Appeals for the Eighth Circuit for long-time client [Meredith Corporation](#) and four of its senior executives in a securities class action filed by a group of investors over projections about its integration of Time Inc. The cross-department and cross-practice team included Sarah Lightdale, Patrick Gibbs, Kathleen Hartnett, David Mills, Brian French, Bingxin Wu and Julie Veroff. Michael Basile, Kevin Mills and Aaron Binstock, who have worked closely with Meredith on a wide range of corporate matters for several years, were heavily involved in coordinating the litigation. The successful outcome earned the team a shout out as part of [Am Law's Litigator of the Week Runners-Up and Shout Outs list](#).

Background

The case stretches back to when Meredith acquired Time under a \$2.8 billion deal. Upon closing, Meredith launched a two-year integration plan and announced long-term financial goals for the newly combined business. When those goals were not met, Meredith's stock price declined.

In a 2019 class action complaint, the lead plaintiff claimed that 138 public statements made by Meredith executives during the post-integration period amounted to fraud. The plaintiff also alleged that Meredith's cost synergy and EBITDA forecasts were false because the Time integration was going poorly, Meredith had inherited too many low-margin magazine subscriptions from Time, and Meredith had a material weakness in internal controls. Based on allegations attributed to a dozen anonymous former employees, the lead plaintiff also claimed that Meredith executives intentionally misled investors regarding the progress of the integration.

Following a motion to dismiss by Cooley, US District Judge Charles Wolle of the Southern District of Iowa dismissed the complaint with prejudice for failure to state a claim. He held that the suit was "precisely the type of frivolous 'strike' suit that Congress directed federal courts to dismiss at the pleading stage," as the suit was "based merely on a company's announcement of bad news or inaccurate predictions not amounting to fraud."

The Decision

The lead plaintiff appealed, and less than a month after hearing oral argument, the Eighth Circuit affirmed Judge Wolle's decision in a precedential opinion. The Eighth Circuit confirmed the need for plaintiffs in securities fraud cases to allege specific facts showing that, when executives spoke, they were actually aware of information that rendered their public statements false or misleading. Additionally, the Eighth Circuit affirmed that liability for forward-looking statements requires allegations of actual knowledge even at the pleadings stage and that statements that a company is "on track" to meet goals are "paradigmatic examples of the kind of 'vague' and 'optimistic' rhetoric that constitutes corporate puffery" and thus cannot ground a claim for securities fraud.

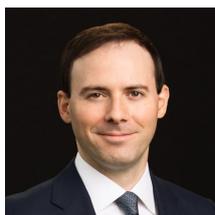
Contributors



Michael Basile
[Bio](#)



Aaron Binstock
[Bio](#)



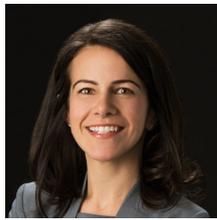
Brian French
[Bio](#)



Patrick Gibbs
[Bio](#)



Kathleen Hartnett
[Bio](#)



Sarah Lightdale
[Bio](#)



David Mills
[Bio](#)



Kevin Mills
[Bio](#)



Bingxin Wu
[Bio](#)

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. This content may have been generated with the assistance of artificial intelligence (AI) in accordance with our [AI Principles](#), may be considered Attorney Advertising and is subject to our [legal notices](#). Copyright © 2026