

Nvidia High Court Test Weighs Securities Suits as SEC Backstop

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Bracewell's **David Shargel** spoke with *Bloomberg Law* about the upcoming US Supreme Court battle pitting software and computing company Nvidia Corp. against investors, the Securities and Exchange Commission and the Justice Department on alleged securities fraud.

"The SEC, like any government agency, is resource-limited," said Shargel. "Private actions alongside enforcement actions create a more comprehensive system of enforcement, but they also provide deterrence."

The government's bid signals the administration's interest in maintaining the steady flow of private securities actions as a complement to the SEC's own limited enforcement capacity.

"For Nvidia and companies like it, any company that could be the target of a private securities action, the decision will determine whether private plaintiffs are going to have an easier time going forward meeting their pleading obligations," added Shargel. "If the company wins, it's hard to say whether there will actually be a decrease in the number of lawsuits against companies. Plaintiffs will find a way."

Related People

David A. Shargel

Partner

NEW YORK

+1.212.508.6154

david.shargel@bracewell.com

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