

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA

Water Island Event-Driven Fund v. MaxLinear, Inc.

No. 3:23-cv-01607-CAB-VET (S.D. Cal. July 15, 2025) · No. 3:23-cv-01607-CAB-VET · Decided July 15, 2025

SUMMARY

The United States District Court for the Southern District of California granted motions to dismiss securities-fraud claims brought by SIMO shareholders against MaxLinear, SIMO, and related executives. The court held that plaintiffs failed to adequately plead falsity and scienter under Section 10(b), that SIMO defendants had no actionable duty to update prior statements, and that they did not make statements issued by MaxLinear. The court also reaffirmed its prior ruling that the plaintiffs lacked statutory standing to pursue Section 10(b) claims against MaxLinear based on alleged misrepresentations concerning MaxLinear rather than SIMO securities.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	Cathy Ann Bencivengo
JURISDICTION	United States District Court for the Southern District of California
DECIDED	July 15, 2025
DOCKET	3:23-cv-01607-CAB-VET
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiffs filed a second amended securities-fraud complaint after the court dismissed the first amended complaint without prejudice. Defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the second amended complaint, and the court granted both motions and dismissed the action with prejudice.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true and determines whether the complaint states a facially plausible claim for relief. Section 10(b) claims must also satisfy Federal Rule of Civil Procedure 9(b) and the heightened pleading requirements of the PSLRA, including particularized allegations giving rise to a strong inference of scienter.
PRECEDENTIAL VALUE	unknown

PARTIES

Water Island Event-Driven Fund, on behalf of itself and all others similarly situated v. MaxLinear, Inc., Silicon Motion Technology Corporation, Kishore Seendripu, Steven Litchfield, Wallace Kou, Riyadh Lai

TOPICS

securities fraud

motions to dismiss

standing

mergers and acquisitions

civil procedure

PRACTICE AREAS

securities litigation

corporate law

commercial litigation

civil procedure

mergers and acquisitions

QUESTIONS PRESENTED

1. Whether the SIMO Defendants' statements concerning the status of the proposed merger were materially misleading because they omitted an alleged SIMO breach and MaxLinear's lack of integration activity.
2. Whether Plaintiffs adequately pleaded scienter against the SIMO Defendants under Section 10(b), including through a core-operations theory.
3. Whether the SIMO Defendants had a duty to update prior statements under the federal securities laws.
4. Whether the SIMO Defendants could be liable under Section 10(b) for statements made by MaxLinear's CEO and later filed by MaxLinear with the SEC.
5. Whether Plaintiffs, as purchasers of SIMO securities, had statutory standing to assert Section 10(b) claims based on alleged misrepresentations about MaxLinear's commitment to the merger.
6. Whether the Section 20(a) control-person claims could survive absent a properly pleaded primary Section 10(b) violation.

HOLDINGS

1. The challenged SIMO statements did not adequately support a Section 10(b) claim based on omission of the alleged breach. The statements were not necessarily false, did not create a materially misleading impression, and, even assuming falsity, Plaintiffs failed to plead scienter.
2. Plaintiffs failed to plead scienter against the SIMO Defendants based on the alleged omission of MaxLinear's lack of merger-integration activity.
3. The claim based on a purported federal duty to update failed because neither the Ninth Circuit nor the Supreme Court recognizes a general duty to correct, and Plaintiffs did not show that SIMO Defendants knew or should have known of the alleged information before MaxLinear terminated the merger.
4. The SIMO Defendants were not liable under Section 10(b) for the challenged statement initially made by MaxLinear CEO Kishore Seendripu and later filed by MaxLinear.
5. Plaintiffs lacked statutory standing under Section 10(b) to sue the MaxLinear Defendants because they purchased SIMO securities, while the alleged misrepresentations concerned MaxLinear's commitment to and evaluation of the merger.

6. The Section 20(a) control-person claims failed because Plaintiffs did not adequately plead a primary Section 10(b) violation.

KEY QUOTATIONS

“To survive a motion to dismiss, a complaint must contain sufficient factual matter . . . to ‘state a claim to relief that is plausible on its face.’” (at 2)

“An omission ‘is material if there is a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the total mix of information made available.’” (at 4)

“It is ‘unusual’ and ‘exceedingly rare’ to find the core operations inference—without any detailed allegations of actual knowledge—sufficient to clear a 12(b)(6) motion under the PSLRA.” (at 10)

“For Section 10(b) purposes, ‘the maker of a statement is the person or entity with ultimate authority over the statement.’” (at 13)

“As Plaintiffs’ Section 10(b) claims fail, so do their Section 20(a) claims.” (at 15)

FACTUAL BACKGROUND

MaxLinear and Silicon Motion Technology Corporation announced a proposed \$3.8 billion merger in 2022. Plaintiffs, who purchased SIMO American Depositary Shares during the May 5 to July 26, 2023 class period, alleged that the defendants misled investors by representing that the merger was progressing while omitting an alleged SIMO breach and MaxLinear's lack of integration planning. MaxLinear terminated the merger after Chinese antitrust approval on July 26, 2023, citing an alleged previously undisclosed breach by SIMO.

PROCEDURAL HISTORY

The court dismissed Plaintiffs' first amended complaint without prejudice on August 28, 2024. Plaintiffs filed a second amended complaint on September 18, 2024, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act based on statements and omissions concerning a proposed MaxLinear-SIMO merger. The SIMO Defendants and MaxLinear Defendants separately moved to dismiss. The court granted both motions and dismissed the case with prejudice.

DISPOSITION

dismissed

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Desai v. Deutsche Bank Sec. Ltd., 573 F.3d 931, 938 (9th Cir. 2009)
- Ganino v. Citizens Utilities Co., 228 F.3d 154, 161 (2d Cir. 2000)
- In re: CCIV / Lucid Motors Securities Litigation, 110 F.4th 1181, 1184, 1186 (9th Cir. 2024)

- In re NVIDIA Corp. Sec. Litig., 768 F.3d 1046, 1052, 1056 (9th Cir. 2014)
- Zucco Partners, LLC v. Digimarc Corp., 552 F.3d 981, 990 (9th Cir. 2009), as amended (Feb. 10, 2009)
- Metzler Inv. GMBH v. Corinthian Colleges, Inc., 540 F.3d 1049, 1055 (9th Cir. 2008)
- Khoja v. Orexigen Therapeutics, Inc., 899 F.3d 988, 1008-09 (9th Cir. 2018)
- McCormick v. Fund Am. Companies, Inc., 26 F.3d 869, 876 (9th Cir. 1994)
- Basic Inc. v. Levinson, 485 U.S. 224, 231-32 (1988)
- Weston Fam. P'ship LLLP v. Twitter, Inc., 29 F.4th 611, 620, 623 (9th Cir. 2022)
- Brody v. Transitional Hosps. Corp., 280 F.3d 997, 1006 (9th Cir. 2002)
- Fecht v. Price Co., 70 F.3d 1078, 1081 (9th Cir. 1995)
- Prodanova v. H.C. Wainwright & Co., LLC, 993 F.3d 1097, 1106 (9th Cir. 2021)
- Glazer Cap. Mgmt., L.P. v. Forescout Techs., Inc., 63 F.4th 747, 779-80 (9th Cir. 2023)
- Hollinger v. Titan Cap. Corp., 914 F.2d 1564, 1569 (9th Cir. 1990)
- S. Ferry LP, No. 2 v. Killinger, 542 F.3d 776, 785-86 (9th Cir. 2008)
- Okla. Firefighters Pension & Ret. Sys. v. Snap Inc., 2024 WL 5182634, at *1-3 (9th Cir. Dec. 20, 2024)
- SEB Inv. Mgmt. AB v. Align Tech., Inc., 485 F. Supp. 3d 1113, 1133 (N.D. Cal. 2020)
- 3226701 Canada, Inc. v. Qualcomm, Inc., No. 15CV2678-MMA (WVG), 2017 WL 4759021, at *23 (S.D. Cal. Oct. 20, 2017)
- United Ass'n Nat'l Pension Fund v. Carvana Co., 759 F. Supp. 3d 926, 977 (D. Ariz. 2024)
- Reese v. Malone, 747 F.3d 557, 576 (9th Cir. 2014)
- City of Dearborn Heights Act 345 Police & Fire Ret. Sys. v. Align Tech., Inc., 856 F.3d 605 (9th Cir. 2017)
- In re Yahoo! Inc. Sec. Litig., 611 F. App'x 387, 389 (9th Cir. 2015)
- Stransky v. Cummins Engine Co., Inc., 51 F.3d 1329, 1331 (7th Cir. 1995)
- Janus Cap. Grp., Inc. v. First Derivative Traders, 564 U.S. 135, 142 (2011)

OPINION

Water Island Event-Driven Fund v. MaxLinear, Inc.

PER CURIAM.

1 2 3 4 5 6 7

8 UNITED STATES DISTRICT COURT

9 SOUTHERN DISTRICT OF CALIFORNIA

10 11 WATER ISLAND EVENT-DRIVEN Case No.: 3:23-cv-01607-CAB-VET FUND, on Behalf
of Itself and All Others 12 Similarly Situated, et al., ORDER GRANTING MOTIONS TO
13 DISMISS

Plaintiffs, 14 v. [Doc. Nos. 75, 77] 15 MAXLINEAR, INC., et al., 16 Defendants. 17 18 On
August 28, 2024, the Court dismissed Plaintiffs' first amended complaint without 19 prejudice.
[Doc. No. 61.] On September 18, 2024, Plaintiffs filed a second amended 20 complaint ("SAC").
[Doc. No. 62.] Plaintiffs allege that Defendants made materially false 21 and misleading
statements in violation of Sections 10(b) and 20(a) of the Securities 22 Exchange Act. Defendants

Silicon Motion Technology Corporation (“SIMO”), CEO 23 Wallace Kou, and CFO Riyadh Lai (“SIMO Defendants”) filed a motion to dismiss the 24 amended complaint. [Doc. No. 75.] Defendants MaxLinear, Inc., CEO Kishore Seendripu, 25 and CFO/CCO Steven Litchfield (“MaxLinear Defendants”) separately filed their own 26 motion to dismiss the amended complaint. [Doc. No. 77.] For the reasons below, the Court 27 GRANTS the motions to dismiss. 28

1 I. BACKGROUND

2 The facts alleged in this amended complaint are nearly identical to the initial 3 complaint. In 2022, Defendant MaxLinear, an American telecommunications corporation, 4 and Defendant SIMO, a Taiwanese chip manufacturer, announced a merger in which 5 MaxLinear would acquire SIMO for \$3.8 billion. Lead Plaintiffs are private investment 6 funds who purchased or acquired SIMO American Depository Shares (“ADS”) from May 7 5, 2023 through July 26, 2023 (the “Class Period”). Plaintiffs allege that MaxLinear 8 Defendants committed fraud by assuring ADS investors that the merger was on track to 9 close, only to immediately terminate it after it was approved by China’s main antitrust 10 regulator on July 26, 2023. MaxLinear’s proffered basis for termination was a previously 11 undisclosed, alleged breach of the merger agreement by SIMO over a month prior. 12 As for SIMO Defendants, they allegedly stated that they were proceeding with the 13 merger while omitting that (1) there was a purported breach of the merger agreement that 14 would prevent it from closing and (2) that MaxLinear was not proceeding with basic 15 merger/integration procedures. Additionally, Plaintiffs allege SIMO Defendants had a 16 duty to review MaxLinear’s statements to SIMO investors and update prior statements to 17 disclose the existence of the breach and MaxLinear’s lack of integration planning.

18 II. LEGAL STANDARD

19 Fed. R. Civ. P. 12(b)(6) permits a party to file a motion to dismiss for “failure to 20 state a claim upon which relief can be granted.” “To survive a motion to dismiss, a 21 complaint must contain sufficient factual matter . . . to ‘state a claim to relief that is 22 plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. 23 v. Twombly*, 550 U.S. 544, 570 (2007)). 24 “Section 10(b) of the Exchange Act bars conduct involving manipulation or 25 deception, manipulation being practices that are intended to mislead investors by 26 artificially affecting market activity, and deception being misrepresentation, or 27 nondisclosure intended to deceive.” *Desai v. Deutsche Bank Sec. Ltd.*, 573 F.3d 931, 938 28 (9th Cir. 2009) (quoting *Ganino v. Citizens Utilities Co.*, 228 F.3d 154, 161 (2d Cir. 2000)). 1 “Section 20(a) of the Exchange Act imposes secondary liability on controlling persons 2 involved in a primary Section 10(b) violation.” *In re: CCIV / Lucid Motors Securities 3 Litigation*, 110 F.4th 1181, 1184 (9th Cir. 2024). 4 To assert a claim under Section 10(b), a plaintiff must allege: “(1) a material 5 misrepresentation or omission by the defendant [(‘falsity’)]; (2) scienter; (3) a connection 6 between the misrepresentation or omission and the purchase or sale of a security; (4) 7 reliance upon the misrepresentation or omission; (5) economic loss; and (6) loss causation.” 8 *In re*

NVIDIA Corp. Sec. Litig., 768 F.3d 1046, 1052 (9th Cir. 2014) (citation omitted). 9 Plaintiffs alleging 10(b) violations are subject to heightened pleading standards pursuant 10 to Fed. R. Civ. P. 9(b) and the Private Securities Litigation Reform Act (“PSLRA”). Zucco 11 Partners, LLC v. Digimarc Corp., 552 F.3d 981, 990 (9th Cir. 2009), as amended (Feb. 10, 12 2009). These requirements at the 12(b)(6) stage have been characterized as “formidable.” 13 Metzler Inv. GMBH v. Corinthian Colleges, Inc., 540 F.3d 1049, 1055 (9th Cir. 2008).

14 III. DISCUSSION

15 A. Section 10(b) Claim Against SIMO Defendants 16 Plaintiffs allege that three statements by SIMO were materially false and misleading 17 in violation of Section 10(b). In a May 5, 2023, Form 6-K and press release, SIMO 18 allegedly stated that the merger was “pending satisfaction of customary closing conditions, 19 including antitrust approval [from SAMR].” [SAC ¶ 14.] In a June 28, 2023, Form 6-K, 20 SIMO allegedly stated they had re-filed for antitrust approval in the United States. [SAC 21 ¶ 114.] Finally, in a July 7, 2023 Form 6-K and press release, they stated that they would 22 not conduct an earnings call due to “restrictions associated with the [Merger] Transaction.”

23 [SAC ¶ 173.]

24 Plaintiffs argue that each of these statements were materially false and misleading 25 because they created “the impression that the Merger Agreement was undisputedly in 26 effect, and that the Merger would close if approved by regulators” while omitting the 27 purported facts that (1) SIMO breached the merger agreement as of May 5, 2023, and (2) 28 MaxLinear was not engaging in normal course integration and transition activities, 1 indicating that MaxLinear intended to withdraw from the agreement. [Doc. No. 82 at 12.] 2 Plaintiffs assert these statements “assured investors that the [m]erger would proceed if it 3 was approved by SAMR.” [Id. at 10.] 4 None of SIMO’s alleged statements were necessarily false as the merger did need to 5 satisfy various closing conditions, SIMO had re-filed for U.S. antitrust approval, and SIMO 6 did not conduct an earnings call due to merger restrictions. Indeed, in their opposition, 7 Plaintiffs do not challenge SIMO Defendants’ contention that their statements were not 8 literally false. [Id. at 12.] 9 Nonetheless, SIMO’s statements may still violate Section 10(b) if they omitted 10 material information and were misleading. See Khoja v. Orexigen Therapeutics, Inc., 899 11 F.3d 988, 1008–09 (9th Cir. 2018). An omission “is material if there is a substantial 12 likelihood that the disclosure of the omitted fact would have been viewed by the reasonable 13 investor as having significantly altered the total mix of information made available.” 14 McCormick v. Fund Am. Companies, Inc., 26 F.3d 869, 876 (9th Cir. 1994) (internal 15 quotation marks omitted) (quoting Basic Inc. v. Levinson, 485 U.S. 224, 231–32, (1988)). 16 However, not all material information needs to be disclosed. See Weston Fam. P’ship 17 LLLP v. Twitter, Inc., 29 F.4th 611, 620 (9th Cir. 2022). Disclosure is only required “when 18 necessary to make . . . statements made, in the light of the circumstances under which they 19 were made, not misleading.” Id. In other words, a material omission is misleading where 20 it “affirmatively create[s] an impression of a state of

affairs that differ[s] in a material way 21 from the one that actually exist[s].” *Brody v. Transitional Hosps. Corp.*, 280 F.3d 997, 22 1006 (9th Cir. 2002). 23 /// 24 /// 25 /// 26 27 28 1 i. SIMO’s Alleged Breach 2 Plaintiffs first allege that SIMO Defendants’ three statements were misleading 3 because they omitted SIMO’s purported breach of the merger agreement. The Court 4 disagrees. 5 1. Falsity 6 a. May 5 Statement 7 The portion of the May 5 statement that Plaintiffs challenge noted that the merger 8 was “pending satisfaction of customary closing conditions, including antitrust approval 9 [from SAMR].” [SAC ¶ 113.] Plaintiffs incorrectly argue that because SIMO Defendants 10 highlighted one risk to closing—SAMR approval—they were obligated to also disclose 11 other risks, including the breach of the merger agreement. [Id. at ¶ 51]; see *Matrixx 12 Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 44 (2011) (emphasizing that Section 10(b) does 13 “not create an affirmative duty to disclose any and all material information.”). Even if 14 omission of the breach is material, SIMO’s statement does not mislead because it 15 highlighted additional conditions, besides antitrust approval, that SIMO and MaxLinear 16 still had to satisfy, which could include curing breaches or other merger issues.¹ See 17 *Weston Fam.*, 29 F.4th at 620. 18 b. June 28 Statement 19 In the June 28 filing, SIMO stated that the merger was “conditioned upon, among 20 other things, the expiration or termination of the waiting period . . . under the Hart-Scott 21 Rodino Antitrust Improvements Act of 1976[.]” [SAC ¶ 114.] The statement continues 22 that “MaxLinear and [SIMO] previously filed under the HSR Act, and the HSR Waiting 23 Period expired . . . on June 27, 2022[.]” but because “the [m]erger was not consummated 24 by June 27, 2023, clearance under the HSR Act [] expired, and on June 28, 2023, 25 MaxLinear and [SIMO] re-filed under the HSR Act.” [Id.] 26 27 1 Plaintiffs themselves allege that SIMO Defendants were to be notified by MaxLinear of any breaches 28 1 Given that SIMO informed investors that SIMO and MaxLinear were re-filing for 2 merger clearance, indicating that the merger agreement, at some level, was progressing, 3 the Court finds that the reasonable investor would not find disclosure of an earlier breach 4 to significantly alter the total mix of information that SIMO made available. See *Basic*, 5 485 U.S. at 231–32. Thus, the omission is not material. Even if material, the omission 6 does not mislead investors as the statement makes it explicitly clear that the merger was 7 still conditioned upon multiple factors besides HSR clearance, which, again, could include 8 curing any outstanding breaches of the merger agreement. See *Weston Fam.*, 29 F.4th at 9 620. This is distinguishable from classic examples of misleading statements such as when 10 a defendant shares positive information to the market but omits “adverse information that 11 cuts against the positive information.” See *Schueneman v. Arena Pharms., Inc.*, 840 F.3d 12 698, 706 (9th Cir. 2016). Here, Defendants shared no “positive” information, such as a 13 promise that the merger would go through without issue, but only published a neutral 14 update that conditions remained, and that they re-filed for clearance as legally required. 15 c. July 7 Statement 16 In the July 7 press release, SIMO simply stated that they would release “second 17 quarter 2023 financial results . . . on July 27, 2023” but not conduct a “customary earnings 18 conference call due to restrictions associated with the [merger] with MaxLinear” nor 19 provide updates on the merger.

[SAC ¶ 173.] Contrary to Plaintiffs' assertion, omission 20 of the claimed breach did not create the impression that the merger was not facing any 21 issues and that it would be completed. See Brody, 280 F.3d at 1006. Rather, it only 22 communicated that the merger was still in progress/effect and that no updates would be 23 given. Therefore, though the breach may have been generally relevant to the statement 24 (given that the statement referenced the merger), its omission was not misleading. See id. 25 ("Often, a statement will not mislead even if it . . . does not include all relevant facts."). 26 Accordingly, the Court finds that none of SIMO Defendants' statements were 27 misleading due to the omission of the purported breach. However, courts have held that 28 the first prong of the Section 10(b) analysis—falsity—"should ordinarily be left" to a jury 1 except where "reasonable minds [could] not differ[.] Fecht v. Price Co. 70 F.3d 1078, 2 1081 (9th Cir. 1995) (internal citations and quotation marks omitted). Recognizing that 3 potential deference, even if the Court assumed that Plaintiffs satisfy falsity for the omission 4 of the breach, they nonetheless fail to adequately plead scienter. 5 2. Scienter 6 To establish scienter, plaintiffs "must allege that the defendant made false or 7 misleading statements with an intent to deceive, manipulate, or defraud, or with deliberate 8 recklessness." Prodanova v. H.C. Wainwright & Co., LLC, 993 F.3d 1097, 1106 (9th Cir. 9 2021) (internal quotation marks omitted). In determining intent, the Court considers 10 whether Defendant(s) had knowledge of the omitted information. See Glazer Cap. Mgmt., 11 L.P. v. Forescout Techs., Inc., 63 F.4th 747, 779–80 (9th Cir. 2023) ("The fact that 12 [Defendant] was aware . . . of [the acquiring company's] reconsideration of the merger is 13 sufficient to raise a strong inference that Defendants knew of the possibility of misleading 14 the shareholders."). Reckless conduct is an "extreme departure from the standards of 15 ordinary care" and similarly considers whether the "danger of misleading" was known to 16 the defendant, or so obvious they should have been aware of it. Hollinger v. Titan Cap. 17 Corp., 914 F.2d 1564, 1569 (9th Cir. 1990). Plaintiffs must state particularized facts 18 "giving rise to a strong inference that the defendant acted with the required state of mind." 19 Tellabs, Inc. v. Makor Issues & Rts., Ltd., 551 U.S. 308, 321 (2007) (quoting 15 U.S.C. § 20 78u–4(b)(2)). Here, Plaintiffs fail to establish that SIMO Defendants acted with either 21 intent to defraud or deliberate recklessness as they do not allege sufficient facts showing 22 SIMO Defendants knew or should have known of the claimed breach. 23 Plaintiffs assert that SIMO's statements "did not fairly align with the information 24 [SIMO] had at the time," [Doc. No. 82 at 12], but in their complaint Plaintiffs state that 25 "MaxLinear never provided [SIMO] with written notice of . . . breaches or [a materially 26 adverse effect]" as MaxLinear was allegedly required to do. [SAC ¶ 180.] Plaintiffs state 27 that "MaxLinear had internally concluded that [SIMO] was in material breach of the 28 Merger Agreement [and] suffered [a materially adverse effect]." [Id. at ¶ 169 (emphasis 1 added).] As alleged, the determination that SIMO breached the agreement was made solely 2 by MaxLinear, who never informed SIMO. 3 Plaintiffs' citation to Glazer provides them no support. There, the Ninth Circuit 4 found that defendant—a company that was to be acquired—misled investors when it stated 5 that it expected its merger to close but omitted the fact that the acquiring

company called 6 and informed defendant that they were “considering not closing the merger[.]” See Glazer, 7 63 F.4th at 779. Here, however, Plaintiffs do not allege that MaxLinear alerted SIMO 8 Defendants that they were “reconsidering the deal”—in any way. Id. Rather, Plaintiffs 9 insist that MaxLinear never notified SIMO Defendants, and only offer repeated conclusory 10 statements that SIMO knew of the breach and should have disclosed it. [See, e.g., SAC ¶¶ 11 12, 104, 179.] 12 Indeed, Plaintiffs fail to identify what the breach even was, when it occurred, or who 13 at SIMO was aware of it. This is wholly insufficient to survive a motion to dismiss a 14 securities fraud claim. See Tellabs, Inc., 551 U.S. at 321. With nothing but conclusory 15 allegations to support their claim that SIMO Defendants knew or should have known of 16 the breach, Plaintiffs fail to adequately allege scienter. 17 ii. MaxLinear’s Lack of Integration Efforts 18 Regarding lack of integration, Plaintiffs allege that SIMO Defendants’ three 19 statements omitted that MaxLinear did not conduct basic, pre-merger integration planning, 20 including reviewing SIMO’s contracts or establishing merger timelines or checklists. 21 Plaintiffs cite two confidential former MaxLinear employees (“FE 1” and “FE 2”) 22 to support their claim. FE 1, the former director of global trade compliance, asserts that 23 she asked her supervisor every six weeks from December 2022 until July 2023 when she 24 would be provided with an integration plan for the merger but was never provided one. 25 [SAC ¶ 141.] She alleges that given her position “she would have been involved in many 26 integration conversations across different business functions and, at minimum, been kept 27 informed of integration action plans and milestones.” [Id. at ¶ 146.] FE 1 further alleges 28 that as late as eight days before MaxLinear terminated the merger, she observed no merger 1 efforts across the company, including human resources, marketing, and logistics/supply 2 chain, even though “comprehensive merger and integration planning was vital if 3 MaxLinear was intent on completing the [m]erger[.]” [Id. at ¶ 138.] 4 FE 1 states that MaxLinear’s lack of integration activity “was unlike anything she 5 had experienced in her long professional career, where she was directly involved in 6 numerous M&A transactions and handled merger and integration planning on behalf of the 7 acquiring company.” [Id. at ¶ 142.] She finally states that MaxLinear’s general and 8 associate general counsels “shifted their focus to implementing general company-wide 9 internal compliance trainings that were rolled out between May and July 2023, and 10 declined to address FE 1’s repeated calls that proper merger and integration teams be set- 11 up, checklists put-in place, [and] milestones established[.]” [Id. at ¶ 145.] 12 FE 2, a former director of product marketing, similarly alleges that “despite her 13 senior division being responsible for half of MaxLinear’s sales, she was not provided with 14 any integration checklists, plans, or milestones for the [m]erger.” [Id. at ¶ 149.] She also 15 alleges that MaxLinear decided to walk away from the merger due to “‘red flags’ of 16 MaxLinear’s poor financial health[.]” [Id.] 17 Plaintiffs argue this lack of integration should have alerted SIMO that MaxLinear 18 would pull out of the merger agreement, and that SIMO Defendants’ subsequent failure to 19 disclose renders the three challenged statements misleading by omission. Even if the Court 20 assumes that the omission of the lack of integration activity is

both material and misleading 21 as to all three of the statements, Plaintiffs fail to satisfy the PSLRA's heightened pleading 22 standard for scienter. 23 1. Scienter—Core Operations Theory 24 Plaintiffs plead several facts, based on confidential witness statements by FE 1 and 25 FE 2, demonstrating that MaxLinear was not taking appropriate steps to prepare for the 26 merger and knew it would pull out of the merger agreement. However, the complaint 27 provides only one insufficient fact in attempting to demonstrate that SIMO Defendants 28 were aware of MaxLinear's lack of integration activity—that MaxLinear turned down 1 SIMO's offer to translate SIMO transaction contracts that were in Chinese. [SAC ¶¶ 138, 2 184.] Instead, Plaintiffs rely principally on the “absurdity” test of the “core-operations 3 theory” of scienter and argue that a “strong inference of management's knowledge of a fact 4 is pled ‘where . . . it would be absurd to suggest management was without knowledge of 5 the matter.’” [Doc. No. 82 at 15–16 (quoting *S. Ferry LP, No. 2 v. Killinger*, 542 F.3d 776, 6 786 (9th Cir. 2008)) (internal quotation marks omitted).]; see *Oklahoma Firefighters 7 Pension & Ret. Sys. v. Snap Inc.*, No. 23-3932, 2024 WL 5182634, at *2 (9th Cir. Dec. 20, 8 2024). 9 Plaintiffs assert that a merger “is an enormous task that [] require[s] work across . . . 10 departments on both sides” and that “it could not have escaped the attention of [SIMO] 11 Defendants that such activities had stopped or that [SIMO's] ‘overtures’ to assist in 12 integration and transition efforts had been ignored by MaxLinear.” [Doc. No. 82 at 17.] 13 Plaintiffs further claim that “[i]t is implausible to suggest that [SIMO] Defendants, 14 including the CEO and CFO, were not aware of the cessation of integration and transition 15 activities” because those activities “would have permeated the daily work of CEO Koui 16 and CFO Lai[.]” [Id. at 15–16.] 17 It is “unusual” and “exceedingly rare” to find the core operations inference—without 18 any detailed allegations of actual knowledge—sufficient to clear a 12(b)(6) motion under 19 the PSLRA. See *S. Ferry LP, No. 2 v. Killinger*, 542 F.3d 776, 785, 785 n.3 (9th Cir. 2008). 20 This case is especially rare in that Plaintiffs seek to establish a strong inference not of a 21 company's management's knowledge of internal activity at their own company, but at 22 another company. The Court finds such an inference to be a step too far. Indeed, none of 23 the five cases that Plaintiffs cited support a core operations inference finding for the current 24 facts. In four of the five cases, at issue was management's knowledge of a fact or activity 25 at their own company—not another company. *SEB Inv. Mgmt. AB v. Align Tech., Inc.*, 485 26 F. Supp. 3d 1113, 1133 (N.D. Cal. 2020) (finding chief executive must have known about 27 implementation of a discounting promotion within their own company); 3226701 Canada, 28 Inc. v. Qualcomm, Inc., No. 15CV2678-MMA (WVG), 2017 WL 4759021, at *23 (S.D. 1 Cal. Oct. 20, 2017) (finding chief executive must have known company's processor chip 2 product had overheating issues); *United Ass'n Nat'l Pension Fund v. Carvana Co.*, 759 F. 3 Supp. 3d 926, 977 (D. Ariz. 2024) (finding it absurd to suggest chief executives did not 4 know company was flouting state motor-vehicle title and registration laws); *Reese v. 5 Malone*, 747 F.3d 557, 576 (9th Cir. 2014) (finding it absurd to suggest oil company 6 executive did not know about condition of company's pipelines), overruled on other 7 ground by *City of Dearborn*

Heights Act 345 Police & Fire Ret. Sys. v. Align Tech., Inc., 8 856 F.3d 605 (9th Cir. 2017). 9 The one remaining case that Plaintiffs cite concerned whether a Snap Inc. executive 10 knew that most advertisers on Snapchat had not implemented an advertising program called 11 SKAN, which was related to Apple’s transition to App Tracking Transparency (“ATT”). 12 Okla. Firefighters Pension & Ret. Sys. v. Snap Inc., 2024 WL 5182634, at *1 (9th Cir. Dec. 13 20, 2024). The Ninth Circuit found that plaintiffs met the “absurdity” test because, in 14 addition to allegations that the ATT transition threatened over half of Snap’s revenue and 15 that the executive was responsible for advertising, plaintiffs alleged that (1) two Snap 16 employees confirmed that very few advertisers implemented SKAN, (2) the executive had 17 expressed her concerns about the ATT transition, and (3) that executive regularly met with 18 key advertisers.² Id. at *2–3. This case is easily distinguishable. Plaintiffs do not provide 19 a single particularized fact about any actual information SIMO Defendants CEO Kou and 20 CFO Lai knew regarding MaxLinear’s internal integration activities, how they learned of 21 any integration failures, or any statement or allegation from a SIMO employee expressing 22 23 24 25 2 Though the “absurdity” test may be satisfied without accompanying particularized allegations, Reese, 26 747 F.3d at 576, the Ninth Circuit in Snap Inc. expressly considered exactly such allegations in concluding that Plaintiffs satisfied the test. Snap Inc., 2024 WL 5182634, at *2–3 (“Given the [complaint’s] 27 allegations that the ATT transition threatened more than half of Snap’s revenue, [the executive’s] responsibility for [] advertising, and in view of all the other allegations in the [complaint]” (emphasis 28 1 the same. The Court declines to find that a lack of internal integration planning at 2 Company A, which is acquiring Company B, would “permeate[] the daily work” of 3 executives at Company B, or be entirely obvious to them, such as to establish a core 4 operations inference without additional particularized allegations. [Doc. No. 82 at 16]; see 5 15 U.S.C. § 78u-4(b)(2). 6 Moreover, in determining whether Plaintiffs have pled a strong inference of scienter, 7 “the court must take into account plausible opposing inferences.” See Tellabs, Inc., 551 8 U.S. at 322–23 (internal quotation marks omitted). In other words, the Court must ask 9 whether “a reasonable person [would] deem the inference of scienter at least as strong as 10 any opposing inference.” In re NVIDIA, 768 F.3d at 1056. “The strong inference standard 11 present[s] no small hurdle for the securities fraud plaintiff.” Prodanova, 993 F.3d at 1106. 12 The inference must be “cogent and at least as compelling as any opposing inference of 13 nonfraudulent intent.” Tellabs, 551 U.S. at 314. 14 The Court finds a more plausible inference in that SIMO Defendants simply did not 15 know that MaxLinear’s integration preparation was lacking, or if they did, they reasonably 16 believed that MaxLinear intended to merge (given, inter alia,⁴ the renewed HSR filing), 17 but also that MaxLinear knew what it needed to do to integrate properly, when it needed to 18 do so, and, as the acquiring company⁵, would integrate as it saw fit. Accordingly, the Court 19 20 21 22 3 The one non-conclusory allegation concerning SIMO that Plaintiffs make—that they made personnel available to MaxLinear to review and translate contracts, but MaxLinear rejected the offer—does not 23 include any particularized facts showing that Defendants Kou and/or Lai knew

or should have known that information. See *Police Ret. Sys. of St. Louis v. Intuitive Surgical, Inc.*, 759 F.3d 1051, 1062 (9th Cir. 24 2014) (holding that the core operations doctrine “relies on the principle that corporate officers have 25 knowledge of the critical core operation of their companies” (emphasis added)). 4 Plaintiffs also allege that FE 1 and MaxLinear’s general and associate counsels “had a call with [SIMO’s] 26 compliance professionals on December 7, 2022 to have an initial assessment of [SIMO’s] compliance efforts and subsequent [] review [of] their compliance tools and systems.” [SAC ¶ 139.] This weighs in 27 favor of the inference that SIMO Defendants believed MaxLinear intended to go through with the agreement and acquire SIMO. 28 1 finds that Plaintiffs fail to adequately allege scienter against SIMO Defendants for 2 omission of MaxLinear’s lack of integration activity. 3 iii. Updating Prior Statements 4 Plaintiffs also argue that SIMO Defendants violated “federal securities laws by 5 failing to update its prior statements” with the breach discussed above, “other material 6 breaches” of the merger agreement, and MaxLinear’s lack of integration activity. [SAC ¶ 7 52.] Plaintiffs do not specify which federal securities law SIMO Defendants allegedly 8 violated by failing to update their statements. Nonetheless, unlike some other circuits, 9 neither the Ninth Circuit nor the Supreme Court recognizes a duty to correct. See *In re 10 Yahoo! Inc. Sec. Litig.*, 611 F. App’x 387, 389 (9th Cir. 2015). Even if SIMO Defendants 11 did have such a duty though, Plaintiffs fail to show that SIMO Defendants knew or should 12 have known about the breaches or lack of integration activity before MaxLinear publicly 13 announced it was terminating the merger. See *Stransky v. Cummins Engine Co., Inc.*, 51 14 F.3d 1329, 1331 (7th Cir. 1995) (to trigger the duty to correct—after making a false or 15 misleading statement—a defendant must have “subsequently discovered” the relevant 16 information). 17 iv. SIMO Liability for MaxLinear Statements 18 Plaintiffs assert that SIMO Defendants adopted MaxLinear’s statements filed with 19 the SEC on June 7, 2023. [See SAC ¶ 66; see also Doc. No. 82 at 13.] The Court disagrees. 20 For Section 10(b) purposes, “the maker of a statement is the person or entity with ultimate 21 authority over the statement.” *Janus Cap. Grp., Inc. v. First Derivative Traders*, 564 U.S. 22 135, 142 (2011). Defendant Kishore Seendripu, MaxLinear’s CEO, initially made the 23 challenged statement in response to a question while on a panel at a business conference 24 on June 6, 2023. MaxLinear then filed the Form 425 disclosing the statement the following 25 day.⁶ Plaintiffs do not allege any facts showing that SIMO Defendants had ultimate 26 27 6 Plaintiffs refer to both the June 6 and June 7 statements. As both statements are identical, for clarity, the 28 1 authority over the statement that Defendant Seendripu made. Accordingly, the Court finds 2 SIMO Defendants are not liable for the June 7 statement. 3 B. Section 10(b) Claim Against MaxLinear Defendants 4 The Court previously dismissed Plaintiffs’ claims against MaxLinear following the 5 Ninth Circuit’s opinion in *Lucid Motors*, 110 F.4th 1181 (9th Cir. 2024). [Doc. No. 61 at 6 10.] There, the Ninth Circuit established a “bright-line rule” that to have statutory standing 7 under Section 10(b), the plaintiff must have “purchased or sold the securities about which 8 the alleged misrepresentations were made.” *Id.* at 1186. The Court held that Plaintiffs, as 9 SIMO shareholders, lacked statutory

standing against MaxLinear because MaxLinear’s 10 alleged misrepresentations were about MaxLinear, not SIMO. [Doc. No. 61 at 8.] 11 Plaintiffs previously challenged two statements: (1) the above June 7 statement made by 12 Defendants MaxLinear and Seendripu, and (2) a June 28 statement in a Form 425 filed by 13 MaxLinear which was identical to the one filed by SIMO on the same date. The Court 14 found that the June 7 statement “amount[ed] to MaxLinear’s evaluation of the benefits of 15 the merger” and that the June 28 statement concerned “MaxLinear’s continued 16 commitment to the merger’s success” as it was re-filing for regulatory clearance. [Id.] The 17 Court reaffirms its previous holding. 18 In the June 7 statement, MaxLinear disclosed that CEO Seendripu, in response to a 19 question on whether MaxLinear was still interested in acquiring SIMO, said that 20 MaxLinear was “very, very . . . bullish[] that we can acquire the synergies that we told you 21 all about,” that the “basic rationale” for the merger “ha[d] not changed at all,” and that he 22 “believe[ed]” that SIMO was a “very strategic asset for [MaxLinear].” [SAC ¶ 104; Doc.

23 No. 51-6 at 2.]

24 Although Plaintiffs urge the Court to consider the fact that Seendripu’s statement 25 was in response to a question about SIMO and that MaxLinear listed SIMO as the subject 26 company in its Form 425 filing, [Doc. No. 81 at 14–15], the Ninth Circuit and the Supreme 27 28 1 Court “expressly rejected” conducting a “fact-intensive inquiry.” *Lucid Motors*, 110 F.4th 2 at 1186 (9th Cir. 2024) (adopting a bright-line rule to avoid “endless case-by-case” 3 analysis). Instead, the Court looks at the challenged statement to determine whether the 4 alleged misrepresentation was made about the security that plaintiff either “purchased or 5 sold.” *Id.* The Court again finds the misrepresentation made was about MaxLinear’s 6 commitment to the merger and its evaluation of the benefits. Plaintiffs themselves state 7 that the June 7 statement was about “specifically, MaxLinear’s commitment to completing 8 the [m]erger[.]” [Doc. No. 81 at 14.] To be sure, Plaintiffs continue and say that the merger 9 would be completed by MaxLinear “purchasing all [SIMO] equity securities at the deal 10 price.” [Id.] But drawing such a connection seems more appropriate for the “sufficiently 11 connected” test, which the Ninth Circuit has explicitly disavowed. *Lucid Motors*, 110 F.4th 12 at 1186. 13 Regarding the June 28 statement where MaxLinear confirmed it and SIMO had re- 14 filed for clearance under the HSR Act, Plaintiffs similarly allege that MaxLinear “gave the 15 false impression that MaxLinear remained committed to completing the [m]erger . . . while 16 omitting . . . that MaxLinear would not go through with the deal[.]” [SAC ¶ 169.] This 17 clearly demonstrates the misrepresentation concerns MaxLinear, not SIMO. 18 The Court reiterates: “Although there appears [to] be a significant connection 19 between the shares of a target and the merger-related statements of its acquirer, the Ninth 20 Circuit has set a bright-line rule that the ‘security’ at issue must be one about which the 21 22 7 Plaintiffs cite three cases to support their assertion that the Court should consider the question that 23 prompts a statement when determining which security a misrepresentation is about. *In re Apple Inc. Sec. Litig.*, 2020 WL 6482014, at *5 (N.D. Cal. Nov.

4, 2020); *Abramson v. Newlink Genetics Corp.*, 965 F.3d 24 165, 178 (2d Cir. 2020); *In re Synchrony Fin. Sec. Litig.*, 2022 WL 427499, at *10 (D. Conn. Feb. 11, 25 2022). These cases, however, were decided pre-Lucid Motors and considered the question preceding the relevant statement for purposes of falsity or scienter, not standing. Indeed, none of the courts were 26 ascertaining which security a misrepresentation was made about (the test clarified by Lucid Motors). See *In re Apple*, 2020 WL 6482014, at *5 (determining whether a statement was referring to company's past 27 or present financial quarter); see *Abramson*, 965 F.3d at 178 (whether a statement conveyed a specific scientific fact); see *In re Synchrony*, 2022 WL 427499, at *10 (whether a question that prompted an answer 28 1 alleged misrepresentations were made." [Doc. No. 61 at 8.] Plaintiffs repeatedly allege 2 ||that MaxLinear Defendants' challenged statements misrepresented MaxLinear's 3 ||commitment to the merger, not SIMO's. As the challenged misrepresentations were made 4 ||about MaxLinear, the Court again finds Plaintiffs, as SIMO shareholders, lack statutory 5 standing to sue MaxLinear. See *Lucid Motors*, 110 F.4th at 1186. 6 C. Section 20(a) Claims 7 Plaintiffs also assert Section 20(a) claims against the individual Defendants, which 8 ||imposes control person liability for Section 10(b) violations. See *Weston Family*, 29 F Ath 9 623. As Plaintiffs' Section 10(b) claims fail, so do their Section 20(a) claims. See *id.* 10 ||(holding that control person liability cannot survive where plaintiffs do not adequately 11 plead a primary violation of Section 10(b)).

12 IV. CONCLUSION

13 As Plaintiffs have failed to adequately plead a Section 10(b) or Section 20(a) claim 14 || against any of the Defendants, the Court GRANTS the motions to dismiss. [Doc. Nos. 75, 15 ||77.] The case is DISMISSED with prejudice. 16 It is SO ORDERED. 17 18 Dated: July 15, 2025 □ Z 19 Hon. Cathy Ann Bencivengo 20 United States District Judge 21 22 23 24 25 26 27 28