UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

Seret Ishak v. WM Technology, Inc.

Ishak · No. 2:24-cv-08959-ODW (PVCx) · Decided March 11, 2025

SUMMARY

The United States District Court for the Central District of California determined which movant should serve as lead plaintiff in a putative securities class action against WM Technology, Inc. and related individual defendants. The court found that Jay Kang had the greatest financial interest and made a prima facie showing of typicality and adequacy under the PSLRA, and it rejected challenges to his appointment. The court appointed Kang as lead plaintiff and approved The Rosen Law Firm as lead class counsel, subject to class certification.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Otis D. Wright, II
JURISDICTION	United States District Court for the Central District of California
DECIDED	March 11, 2025
DOCKET	2:24-cv-08959-ODW (PVCx)
DISPOSITION	other
PROCEDURAL POSTURE	Putative securities-fraud class action in which three shareholders moved for appointment as lead plaintiff and for approval of their proposed counsel as lead class counsel under the PSLRA.
STANDARD OF REVIEW	At the lead-plaintiff stage, the movant need make only a preliminary showing of Rule 23(a)'s typicality and adequacy requirements; the court then applies the PSLRA's rebuttable presumption and competing movants bear the burden of presenting evidence to rebut it.
PRECEDENTIAL VALUE	unpublished

TOPICS

class actions · securities fraud · civil procedure · commercial litigation · corporate law

PRACTICE AREAS

securities litigation | class actions | civil procedure | commercial litigation

QUESTIONS PRESENTED

1. Which movant had the largest financial interest and therefore qualified for the PSLRA's rebuttable presumption of being the most adequate lead plaintiff?
2. Whether Kang made the required preliminary showing of typicality and adequacy under Rule 23(a).
3. Whether Jaramillo rebutted the presumption in favor of Kang by showing that Kang was inadequate or subject to unique defenses.
4. Whether Kang's selection of The Rosen Law Firm as lead class counsel should be approved.

HOLDINGS

1. Kang had the greatest financial interest in the relief sought because, although the competing movants' approximate losses were treated as roughly equivalent, Kang purchased and retained substantially more shares and expended slightly more net funds.
2. The court did not need to choose between FIFO and LIFO because Kang's and Jaramillo's losses were roughly equivalent under either method.
3. Kang made a prima facie showing of typicality because his claims arose from the same alleged misrepresentations and omissions and involved the same alleged injury as the claims of the putative class.
4. Kang made a prima facie showing of adequacy because the record showed no conflict or antagonism with the putative class and his proposed counsel possessed the requisite qualifications, experience, and resources.
5. Jaramillo failed to rebut the presumption that Kang was the most adequate plaintiff because his arguments concerning Kang's calculations did not establish inadequacy, unique defenses, or disqualifying errors.
6. The court approved The Rosen Law Firm as lead class counsel because Kang selected the firm and the court found it capable of effectively representing the class without conflicts.

KEY QUOTATIONS

> *"The court must appoint as lead plaintiff the member "most capable of adequately representing the interests of class members.""* (at 3)

> *"There is a rebuttable presumption that the "most adequate plaintiff" is the movant who (1) files the complaint or made a motion in response to the notice of action, (2) holds "the largest financial interest in the relief sought by the class," and (3) otherwise satisfies the requirements of Rule 23(a), "in particular those of 'typicality' and 'adequacy.'""* (at 3)

> *"Potential class members can rebut this presumption by providing proof that the presumed lead plaintiff "will not fairly and adequately protect the interests of the class" or "is subject to unique defenses that render such plaintiff incapable of adequately representing the class.""* (at 12)

FACTUAL BACKGROUND

WM Technology was formed through a 2021 merger and operated an online cannabis marketplace whose stock traded on NASDAQ. The complaint alleged that WM repeatedly inflated and misreported its monthly active user metric in SEC filings, and that the stock price declined after disclosures concerning the metric. Kang, Jaramillo, and Melchior, each a WM shareholder, sought appointment as lead plaintiff in the resulting securities-fraud class action.

PROCEDURAL HISTORY

Seret Ishak filed a putative securities class action on October 17, 2024. Jay Kang, Lawrence M. Jaramillo, and Vanderlei Melchior separately moved for appointment as lead plaintiff, and each proposed counsel as lead counsel. The court granted Kang's motion, denied Jaramillo's and Melchior's motions, designated Kang as lead plaintiff, and approved The Rosen Law Firm as lead class counsel subject to class certification.

DISPOSITION

other

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- In re Cavanaugh, 306 F.3d 726, 730, 739 (9th Cir. 2002)
- In re Mersho, 6 F.4th 891, 899, 901 (9th Cir. 2021)
- In re Sonthalia, 2022 WL 3445815, at *1 (9th Cir. Aug. 17, 2022)
- Knox v. Yingli Green Energy Holding Co. Ltd., 136 F. Supp. 3d 1159, 1163, 1165 (C.D. Cal. 2015)
- Richardson v. TVIA, Inc., 2007 WL 1129344, at *3-*4 (N.D. Cal. Apr. 16, 2007)
- In re Olsten Corp. Sec. Litig., 3 F. Supp. 2d 286, 295 (E.D.N.Y. 1998)
- Lax v. First Merchants Acceptance Corp., 1997 WL 461036, at *5 (N.D. Ill. Aug. 11, 1997)
- McGee v. Am. Oriental Bioengineering, Inc., 2012 WL 12895668, at *3 (C.D. Cal. Oct. 16, 2012)
- City of Evanston v. N. Ill. Gas. Co., 381 F. Supp. 3d 941, 952 (N.D. Ill. 2019)
- Williams v. Condensed Curriculum Int'l, Inc., 2020 WL 6700492, at *2 (N.D. Cal. Nov. 13, 2020)
- Commodity Futures Trading Comm'n v. Savage, 611 F.2d 270, 279 (9th Cir. 1979)
- Perlmutter v. Intuitive Surgical, Inc., 2011 WL 566814, at *9-*10 (N.D. Cal. Feb. 15, 2011)
- Tenneson v. Nikola Corp., 2024 WL 905244, at *5 n.5 (D. Ariz. Feb. 29, 2024)
- Kaplan v. Gelfond, 240 F.R.D. 88, 93 (S.D.N.Y. 2007)
- Westchester Putnam Cntys. Heavy & Hwy. Laborers Loc. 60 Benefit Funds v. Brixmor Prop. Grp., 2016 WL 11648466, at *1-*2 (S.D.N.Y. Nov. 29, 2016)
- Maeshiro v. Yatsen Holding Ltd., 2023 WL 4684106, at *5 (S.D.N.Y. July 21, 2023)
- Arias v. Bird Glob., Inc., 2023 WL 3814040 (C.D. Cal. June 2, 2023)
- Owens v. FirstEnergy Corp., 2020 WL 6873421, at *9 (S.D. Ohio Nov. 23, 2020)

- Vignola v. FAT Brands, Inc., 2018 WL 6356109, at *3 (C.D. Cal. Nov. 16, 2018)
- Hanon v. Dataproducts Corp., 976 F.2d 497, 508 (9th Cir. 1992)
- Zhu v. UCBH Holdings, Inc., 682 F. Supp. 2d 1049, 1053 (N.D. Cal. 2010)
- Staton v. Boeing Co., 327 F.3d 938, 957 (9th Cir. 2003)
- Armour v. Network Assoc., Inc., 171 F. Supp. 2d 1044, 1054 (N.D. Cal. 2001)
- Camp v. Qualcomm, Inc., 2019 WL 277360, at *3-*4 (S.D. Cal. Jan. 22, 2019)
- Query v. Maxim Integrated Prods., Inc., 558 F. Supp. 2d 969, 972, 974 (N.D. Cal. 2008)
- Micholle v. Ophthotech Corp., 2018 WL 1307285, at *9 (S.D.N.Y. Mar. 13, 2018)
- Nager v. Websecure, Inc., 1997 WL 773717, at *1 n.1 (D. Mass. Nov. 26, 1997)

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