UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

In re Walgreens Boots Alliance Securities Litigation

In re Walgreens Securities Litigation · No. 24-cv-5907 · Decided January 5, 2026

SUMMARY

This memorandum opinion and order addresses defendants' motions to dismiss a putative securities class action concerning Walgreens' investment in VillageMD and its healthcare strategy. The court considered claims under Section 10(b), Rule 10b-5, and Section 20(a) of the Securities Exchange Act, as well as plaintiffs' use of confidential-witness allegations and an appendix. The court granted the motion to dismiss in part and denied it in part, and denied the motion to strike the appendix.

CASE DETAILS

COURT	United States District Court for the Northern District of Illinois, Eastern Division
WRITING FOR THE COURT	Mary M. Rowland
JURISDICTION	United States District Court for the Northern District of Illinois, Eastern Division
DECIDED	January 5, 2026
DOCKET	24-cv-5907
DISPOSITION	other
PROCEDURAL POSTURE	Putative securities-fraud class action under Sections 10(b) and 20(a) of the Securities Exchange Act. Defendants moved to dismiss the complaint and to strike an appendix filed with plaintiffs' opposition.
STANDARD OF REVIEW	On a motion to dismiss, the court accepted the complaint's factual allegations as true and considered whether they plausibly stated claims under the heightened pleading requirements of the PSLRA. The court assessed whether the alleged facts supported a reasonable belief that statements were misleading and whether they created a strong inference of scienter for each individual defendant.
PRECEDENTIAL VALUE	unknown

TOPICS

securities fraud · class actions · motions to dismiss · pleadings · civil procedure

PRACTICE AREAS

securities litigation · class actions · corporate law · civil procedure

QUESTIONS PRESENTED

1. Whether plaintiffs adequately pleaded that Walgreens and its executives made materially false or misleading statements in violation of Section 10(b) and Rule 10b-5.
2. Whether plaintiffs adequately pleaded scienter as to the individual speakers for the surviving alleged misstatements.
3. Whether plaintiffs adequately pleaded control-person liability under Section 20(a).
4. Whether the court should strike plaintiffs' appendix as an improper attempt to amend the complaint.
5. Whether plaintiffs should receive leave to amend.

HOLDINGS

1. The appendix was not stricken because striking it and dismissing the complaint would merely lead to an amended complaint and increased cost and delay; however, the court would not consider facts in the appendix that were not contained in the complaint.
2. Plaintiffs did not adequately plead that the pre-mid-2022 statements concerning clinic openings were materially false or misleading.
3. Plaintiffs adequately pleaded that Kehoe's statement that Walgreens was 'doubling down' on clinic openings and Driscoll's statement that Walgreens remained on track for 600 clinics by 2025 and 1,000 by 2027 were materially false or misleading.
4. Plaintiffs adequately alleged that Brewer's statement that VillageMD served Medicaid patients and Kehoe's statement that VillageMD accepted all types of insurance were materially false or misleading, but plaintiffs failed to plead scienter as to those statements.
5. Plaintiffs adequately pleaded that Brewer's statement that Walgreens was not seeing a labor issue in its U.S. Healthcare business was materially false or misleading and that Brewer acted with scienter.
6. Plaintiffs adequately pleaded scienter for statements 47, 48, and 68, but not for the Medicaid statements or the remaining alleged statements.
7. The Section 20(a) claim was dismissed as to all alleged statements except statements 47, 48, and 68 because a control-person claim depends on an adequately pleaded primary Section 10(b) violation.

KEY QUOTATIONS

> *"To say that Walgreens was "doubling down" on opening clinics when the opposite was allegedly true is a straightforward false statement of fact."* (Section III.B.i.2)

> *"Accordingly, Plaintiffs have adequately pled scienter and stated a claim under Section 10(b) and Rule 10b-5 with respect to statements 47, 48, and 68."* (Section III.C)

> *“Defendants’ motion to strike [71] is denied and Defendants’ motion to dismiss [57] is granted in part and denied in part.”* (Conclusion)

FACTUAL BACKGROUND

Walgreens invested approximately $10 billion in VillageMD and promoted a plan to establish doctor-staffed primary-care clinics in Walgreens stores. Plaintiffs alleged that the venture suffered from underperforming clinics, staffing shortages, halted clinic openings, and other operational problems while Walgreens executives continued to describe the strategy as successful and on track. Walgreens later announced that it was abandoning or divesting the venture, and its stock price declined substantially. Plaintiffs relied on statements from current and former employees concerning the venture's performance, staffing, and internal metrics.

PROCEDURAL HISTORY

Plaintiffs filed a putative class action alleging that Walgreens and individual defendants made materially false or misleading statements concerning the VillageMD healthcare venture. Plaintiffs filed a 54-page appendix identifying challenged statements and reasons they were allegedly misleading. The court denied the motion to strike, granted plaintiffs leave to amend, and granted in part and denied in part the motion to dismiss: claims based on statements 47, 48, and 68 survived, while claims based on the remaining alleged statements were dismissed. Defendants Wentworth and Mahajan were dismissed without prejudice.

DISPOSITION

other

CASES CITED

- Lax v. Mayorkas, 20 F.4th 1178, 1181 (7th Cir. 2021)
- Dura Pharm., Inc. v. Broudo, 544 U.S. 336, 341-42 (2005)
- Stransky v. Cummins Engine Co., 51 F.3d 1329, 1331 (7th Cir. 1995)
- Tellabs, Inc. v. Makor Issues & Rights, Ltd., 551 U.S. 308, 313 (2007)
- Tellabs, Inc. v. Makor Issues & Rts., Ltd., 551 U.S. 308, 321 (2007)
- Cornielsen v. Infinium Cap. Mgmt., LLC, 916 F.3d 589, 601 (7th Cir. 2019)
- Pugh v. Tribune Co., 521 F.3d 686, 697 (7th Cir. 2008)
- Tellabs, Inc. v. Makor Issues & Rts., Ltd., 551 U.S. 308, 324 (2007)
- Makor Issues & Rts., Ltd. v. Tellabs Inc., 513 F.3d 702, 705 (7th Cir. 2008)
- Phoenix Ins. Co. v. ATI Physical Therapy, Inc., 690 F. Supp. 3d 862, 877 (N.D. Ill. 2023)
- Omnicare, Inc. v. Laborers Dist. Council Constr. Indus. Pension Fund, 575 U.S. 175, 186-90 (2015)
- Smykla v. Molinaroli, 85 F.4th 1228, 1236 (7th Cir. 2023)
- City of Taylor Police & Fire Ret. Sys. v. Zebra Techs. Corp., 8 F.4th 592, 595 (7th Cir. 2021)
- Meyer v. Jinkosolar Holdings Co., 761 F.3d 245, 250 (2d Cir. 2014)
- W. Palm Beach Firefighters’ Pension Fund v. Conagra Brands, Inc., 495 F. Supp. 3d 622, 638 (N.D. Ill. 2020)

- In re Bank of Am. AIG Disclosure Sec. Litig., 980 F. Supp. 2d 564, 582 (S.D.N.Y. 2013), aff'd, 566 F. App'x 93 (2d Cir. 2014)
- Allison v. Oak St. Health, Inc., No. 22 C 149, 2023 WL 1928119, at *6 (N.D. Ill. Feb. 10, 2023)
- Searls v. Glasser, 64 F.3d 1061, 1066 (7th Cir. 1995)
- Van Noppen v. InnerWorkings, Inc., 136 F. Supp. 3d 922, 940 (N.D. Ill. 2015)
- Eisenstadt v. Centel Corp., 113 F.3d 738, 745 (7th Cir. 1997)
- Kusnier v. Virgin Galactic Holdings, Inc., 639 F. Supp. 3d 350, 374 (E.D.N.Y. 2022)
- Raab v. Gen. Physics Corp., 4 F.3d 286, 290 (4th Cir. 1993)
- In re Overstock Sec. Litig., No. 2:19-CV-709-DAK-DAO, 2021 WL 4267920, at *7 (D. Utah Sept. 20, 2021), aff'd, 119 F.4th 787 (10th Cir. 2024)
- Higginbotham v. Baxter Int'l, Inc., 495 F.3d 753, 756 (7th Cir. 2007)
- Walleye Trading LLC v. AbbVie, Inc., 2019 WL 4464392, at *5 (N.D. Ill. Sept. 18, 2019), aff'd, 962 F.3d 975 (7th Cir. 2020)
