UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

In re Super Micro Computer, Inc. Securities Litigation

No. 5:24-cv-06147-EJD (N.D. Cal. Aug. 5, 2025) · No. 5:24-cv-06147-EJD · Decided August 5, 2025

SUMMARY

The United States District Court for the Northern District of California denied Crain Walnut Shelling, LP's motion for reconsideration of orders concerning selection of the lead plaintiff in securities litigation involving Super Micro Computer, Inc. The court held that reconsideration was unwarranted because Crain Walnut had not shown clear error, procedural unfairness, or inadequate factual support in the prior lead-plaintiff determination. The court concluded that testimony indicating an unwillingness to comply with a possible discovery order and inaccuracies in filings supported Universal-Investment-Gesellschaft mbH's appointment as lead plaintiff.

CASE DETAILS

COURT	United States District Court for the Northern District of California, San Jose Division
WRITING FOR THE COURT	Edward J. Davila
JURISDICTION	United States District Court for the Northern District of California
DECIDED	August 5, 2025
DOCKET	5:24-cv-06147-EJD
DISPOSITION	other
PROCEDURAL POSTURE	Crain Walnut Shelling, LP moved for reconsideration of interlocutory orders concerning selection and appointment of the lead plaintiff in a securities-fraud class action, including the appointment of Universal-Investment-Gesellschaft mbH as lead plaintiff.
STANDARD OF REVIEW	Interlocutory orders may be reconsidered before final judgment, but reconsideration is an extraordinary remedy granted sparingly only upon newly discovered evidence, clear error, or an intervening change in law. The Court also reviewed whether Universal had rebutted the PSLRA presumption of adequacy and whether Crain Walnut had waived asserted procedural protections.
PRECEDENTIAL VALUE	unpublished district court order; persuasive authority only

PARTIES	Crain Walnut Shelling, LP v. Universal-Investment-Gesellschaft mbH, Super Micro Computer, Inc., certain executives of Super Micro Computer, Inc.

TOPICS

motion for reconsideration · class actions · commercial litigation · statutory interpretation · civil procedure

PRACTICE AREAS

securities litigation · civil procedure · class action procedure · statutory interpretation

QUESTIONS PRESENTED

1. Whether reconsideration was warranted based on the standard of proof used to determine that Universal rebutted the PSLRA presumption favoring Crain Walnut.
2. Whether the Court failed to provide required procedural protections before finding Crain Walnut inadequate.
3. Whether the Court's factual findings concerning Crain Walnut's discovery testimony and inaccurate filings were erroneous or insufficient to establish inadequacy.
4. Whether the Court applied the PSLRA lead-plaintiff standards inconsistently by scrutinizing Crain Walnut but not Universal.

HOLDINGS

1. Reconsideration was not warranted because the Court's genuine-and-serious-doubt standard was not clearly erroneous, and Universal rebutted Crain Walnut's presumptive adequacy even under a preponderance-of-the-evidence standard.
2. Crain Walnut waived any right to object to or respond to Universal's final supplemental brief because it neither objected to the submission nor sought leave to respond.
3. The Court's findings that Crain Walnut's representative expressed an unwillingness to comply with a potential discovery order and that Crain Walnut persisted in filing inaccuracies supported a finding of inadequacy, even after the Court set aside other discovery-related concerns.
4. The Court did not apply a double standard because the PSLRA's adversarial process required scrutiny of Crain Walnut after Universal challenged it, while no active plaintiff properly challenged Universal's adequacy.

KEY QUOTATIONS

> *"As such, it should be granted only "sparingly," when (a) there is newly discovered evidence, (b) clear error, or (c) an intervening change in law."* (at 2)

> *"By placing a relatively lower burden on competing candidates to rebut the PSLRA's presumption, the genuine and serious doubt standard implicitly requires higher levels of adequacy and typicality from the*

> *presumptive lead plaintiff."* (at 5)

> *"Instead, Crain Walnut "did the one thing that a party claiming to be aggrieved by an improper [] submission may not do—[it] did nothing.""* (at 7)

> *"In our adversarial system of adjudication, [courts] follow the principle of party presentation."* (at 11)

FACTUAL BACKGROUND

Crain Walnut was initially selected as the presumptive lead plaintiff under the PSLRA. During limited discovery and briefing, Universal raised concerns about Crain Walnut's adequacy, including testimony by Crain Walnut's Rule 30(b)(6) representative that he would not produce personal financial records if required and inaccuracies in filings concerning Crain Walnut's ownership structure. On reconsideration, the Court set aside concerns about the late production of a margin agreement and redactions in a trust document, but maintained that the discovery testimony and filing inaccuracies independently or cumulatively created sufficient doubt about Crain Walnut's adequacy.

PROCEDURAL HISTORY

Joseph Averza initially filed the securities-fraud action, triggering the Private Securities Litigation Reform Act lead-plaintiff procedures. After considering competing applicants, the Court initially found Crain Walnut to be the presumptive most adequate plaintiff, permitted limited discovery into its adequacy and typicality, and later concluded that Universal had rebutted the presumption. Following withdrawal of another applicant, the Court appointed Universal as lead plaintiff and granted Crain Walnut leave to seek reconsideration. The Court denied that motion.

DISPOSITION

other

CASES CITED

- In re Cavanaugh, 306 F.3d 726, 729-33, 739 n.22 (9th Cir. 2002)
- Amarel v. Connell, 102 F.3d 1494, 1515 (9th Cir. 1996)
- Kona Enters. v. Est. of Bishop, 229 F.3d 977, 890 (9th Cir.)
- In re Mersho, 6 F.4th 891, 899-901 (9th Cir. 2021)
- Herman & MacLean v. Huddleston, 459 U.S. 375, 389 (1983)
- Rodriguez v. DraftKings Inc., No. 21-cv-5739, 2021 WL 5282006, at *9 (S.D.N.Y. Nov. 12, 2021)
- Abramski v. United States, 573 U.S. 169, 179 (2014)
- Pulsifer v. United States, 601 U.S. 124, 133 (2024)
- Addington v. Texas, 441 U.S. 418, 423 (1979)
- FTC v. Meta Platforms Inc., 654 F. Supp. 3d 892, 932 (N.D. Cal. 2023)
- Odyssey Wireless, Inc. v. Apple Inc., No. 15-cv-01735, 2016 WL 4496844, at *6 n.11 (S.D. Cal. June 30, 2016)

- In re Boeing Co. Aircraft Sec. Litig., No. 19-cv-2394, 2019 WL 6052399, at *7 (N.D. Ill. Nov. 15, 2019)
- Garcia v. City of Napa, No. 13-cv-03886, 2014 WL 342085, at *1 (N.D. Cal. Jan. 28, 2014)
- Getz v. Boeing Co., 654 F.3d 852, 868 (9th Cir. 2011)
- United States v. Sineneng-Smith, 590 U.S. 371, 375 (2020)
- Fields v. Biomatrix, Inc., 198 F.R.D. 451, 455 (D.N.J. 2000)
- In re Silver Wheaton Corp. Sec. Litig., No. 2:15-cv-05146, 2017 WL 2039171, at *10 (C.D. Cal. May 11, 2017)
