CRA Insights

Finance

CRA Charles River Associates

July 2026

AI-related securities litigation

Artificial Intelligence (AI) is currently one of the most prominent drivers of corporate strategy, investment narratives, and market valuation across industries. As companies incorporate AI into their operations and public disclosures, investor expectations around the transformative potential of these technologies have intensified. In turn, heightened attention to AI created fertile ground for securities litigation, particularly when there is perceived misalignment between corporate performance or technological capabilities and representations made to the market.

A growing number of securities class action lawsuits have been filed alleging that public companies made materially false or misleading statements regarding AI-related products, capabilities, or anticipated financial impacts. One allegation is the so-called "AI washing," whereby companies are accused of overstating or mischaracterizing their AI expertise and capabilities. Other allegations focus on failures to disclose material risks, limitations, or adverse developments related to AI initiatives, including instances in which AI-driven products underperform, fail to generate expected demand, or introduce unforeseen operational risks, or failure to disclose the use of AI.

In this first installment of an *Insights* series on AI-related securities litigation, we analyze securities class actions that involve AI-related disclosures. We review complaints alleging violations of Section 10(b) of the Exchange Act and Section 11 of the Securities Act filed from 2021 through Q1 2026 and describe the types of misrepresentations that are asserted by plaintiffs, in addition to other characteristics, in order to evaluate the complexities that such cases may present when conducting an economic analysis of the underlying issues.

Key takeaways

- → AI-related securities class actions have increased over time.
- → AI-related cases are concentrated but not limited to technology companies.
- → AI washing is important, but it is not the only AI-related allegation plaintiffs assert.
- → Most cases involve multiple AI-related allegations.
- → Section 11 claims appear more frequently in AI-related cases than in other securities class actions.
- → AI-related cases can involve substantial economic stakes and complexity.

Trends in case filings

Appendix A describes our methodology for identifying AI-related securities class actions. Between 2021 and Q1 2026, we identified 87 securities class action lawsuits alleging that defendants made false or misleading AI-related statements.[1] Figure 1 below shows the number of such cases by year. The number of cases has increased from 9 in 2023 to 23 and 21 in 2024 and 2025, respectively (with 2026 on pace to match 2025). The SEC brought its first AI-washing enforcement action in 2024 against two registered investment advisors, potentially prompting increased scrutiny by private plaintiffs of AI-related disclosures made by public companies.[2]

Figure 1: AI-related securities class action filings increased sharply in 2024 and remained elevated in 2025

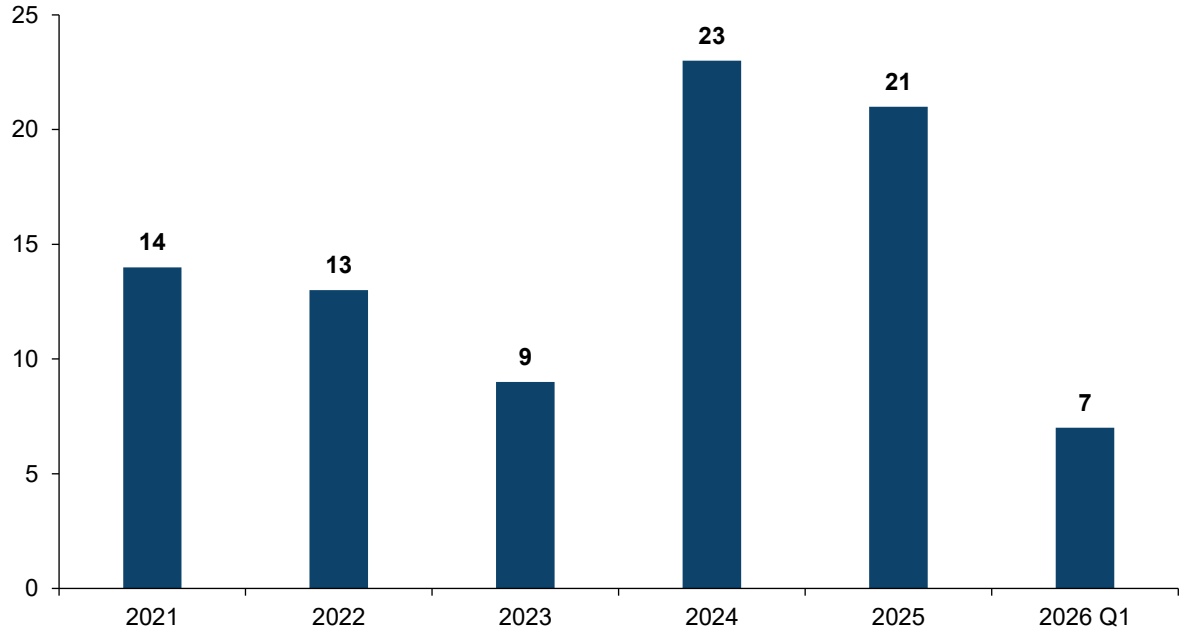


Figure 2 shows that AI-related securities class actions have increased, not only in absolute number, but also as a proportion of all securities class actions.[3]

---

1 To be clear, allegations in these cases are not exclusively AI-related, i.e., plaintiffs in some cases have also made allegations unrelated to AI.

2 https://www.sec.gov/newsroom/press-releases/2024-36. The SEC has been credited for coining the term "AI-washing." See, https://corpgov.law.harvard.edu/2024/04/18/decoding-the-secs-first-ai-washing-enforcement-actions/

3 Percentage of all cases extracted from CRA Securities Litigation Flash Update for Q4 2023 and Q1 2026. See, https://www.crai.com/insights-events/publications/securities-litigation-flash-q4-2023/; https://www.crai.com/insights-events/publications/securities-litigation-flash-q1-2026/

Figure 2: Share of AI-related securities class action filings has increased over time

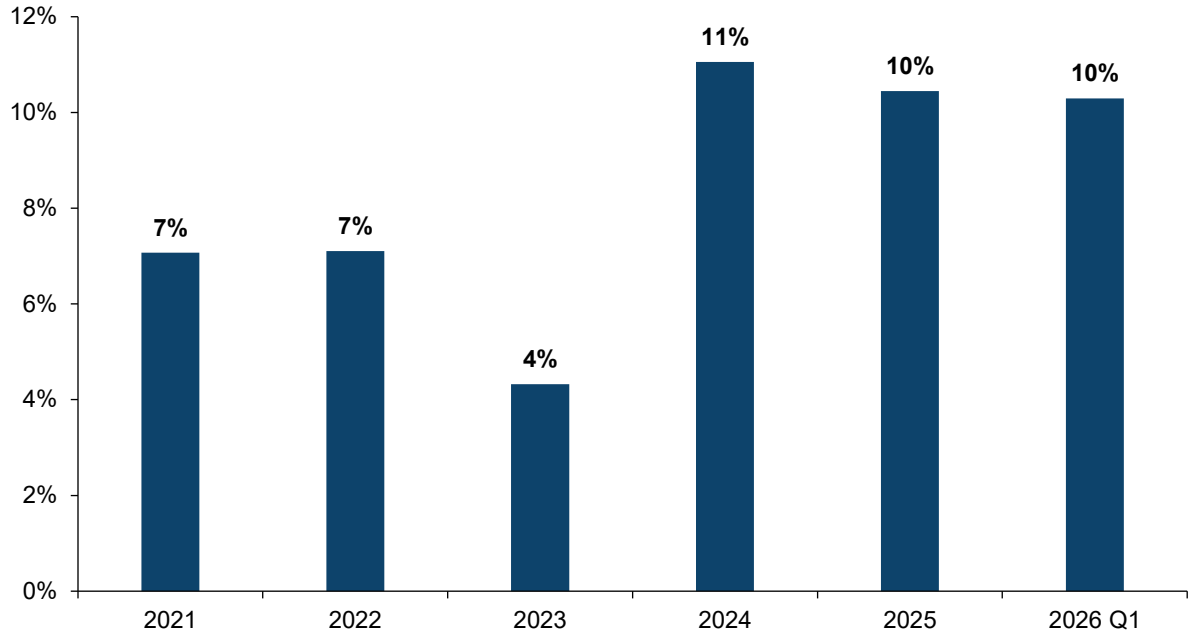


Figure 3 shows a breakdown of cases by GICS industry sectors of defendant firms. Unsurprisingly, nearly half of the cases (approximately 44%) are concentrated in the Information Technology sector, which is inherently more exposed to AI-related developments and associated risks. This is followed by the Health Care, Communication Services, and Consumer Discretionary sectors (approximately 14%, 13%, and 10%, respectively). In our dataset, the defendant firms' primary business in the Health Care sector is at the intersection of healthcare and technology, or they have implemented AI in their operations. For example, plaintiffs describe Sema4 as a "health diagnostic testing company, with a stated mission 'to use artificial intelligence [] to enable personalized medicine for all,"[4] Tempus AI as developing "intelligent diagnostic through the practical application of AI in healthcare…,"[5] and CVS, as detailed later, uses AI to determine insurance coverage for claims.[6]

Similar to the firms in the Information Technology and Health Care sector, firms in the Communications Services and Consumer Discretionary sectors have implemented AI in their operations. The Communications Services sector in our dataset is dominated by adtech firms such as TradeDesk, DoubleVerify, Integral Ad Science, and Perion. In the Consumer Discretionary sector, our dataset consists of automotive companies such as General Motors and Tesla, or e-commerce companies such as GigaCloud, Aterian, and Coupang.

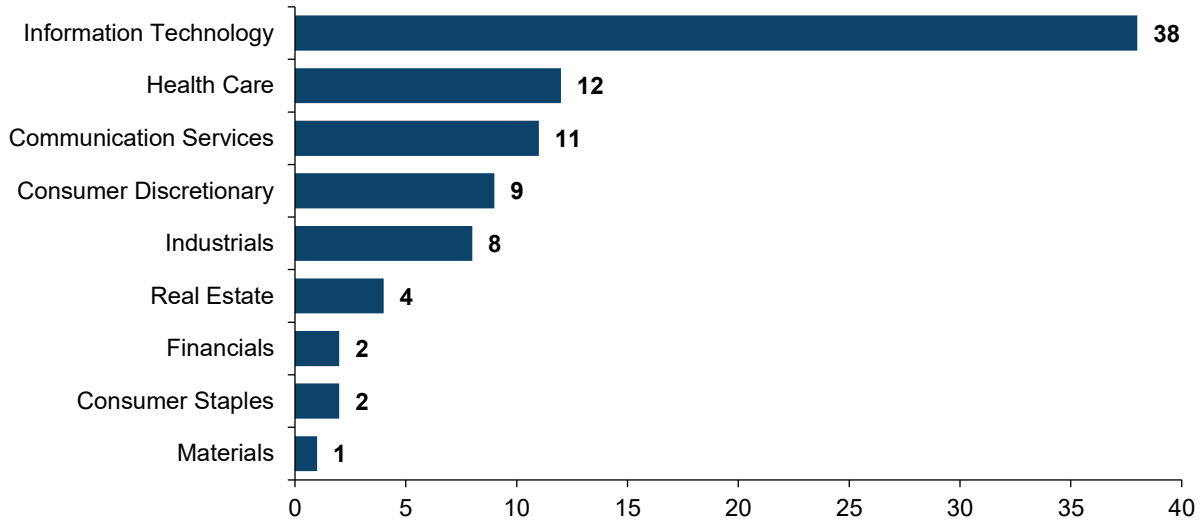
---

4 Helo v. Sema4 Holdings Corp., et al, "Second Amended Class Action Complaint," United States District Court District of Connecticut, filed on May 13, 2024 (Case no. 3:22-cv-01131-VDO; "Sema4"), ¶ 2.

5 Shouse v. Tempus AI, Inc. et al, "Class Action Complaint," United States District Court Northern District of Illinois, filed on June 12, 2025 (Case no. 1:25-cv-06534; "Tempus AI"), ¶ 2.

6 Nixon v. CVS Health Corporation et al, "Amended Consolidated Complaint," United States District Court Southern District of New York, filed on March 4, 2025 (Case no. 1:24-cv-05303-MMG; "CVS"), ¶ 4.

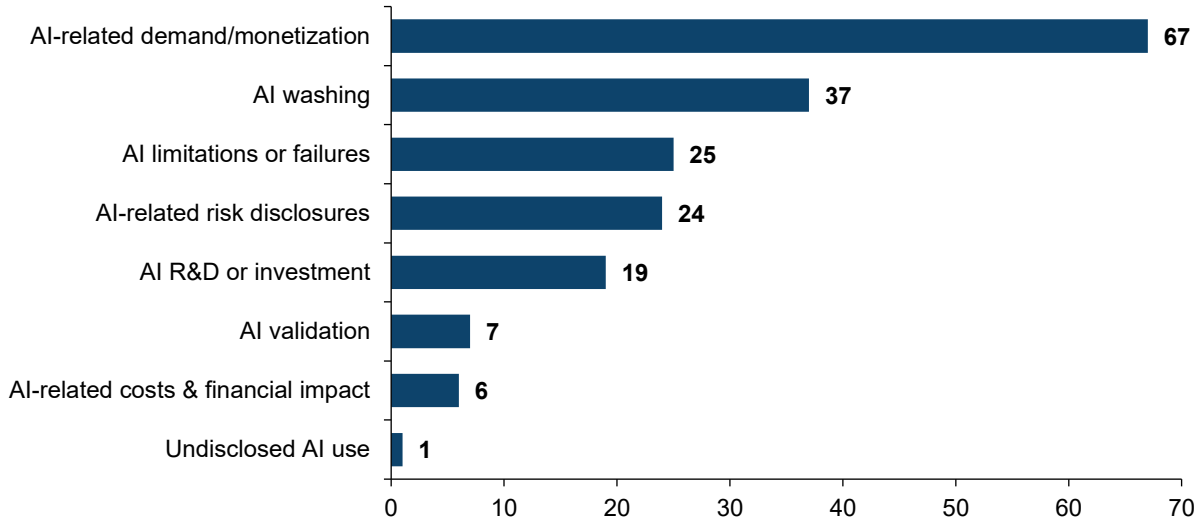
Figure 3: AI-related cases are concentrated in Information Technology but span multiple sectors[7]



Types of AI-related allegations

Figure 4 classifies the 87 AI-related securities lawsuits into non-mutually exclusive categories of alleged misrepresentations. Appendix B provides illustrative examples of cases within each allegation category. Existing commentary on AI-related securities lawsuits has focused primarily on AI washing, that is, alleged exaggeration of AI capabilities. **By contrast, our review finds that the most common allegations involve misrepresentations about AI-driven performance, market demand, or companies' ability to sell AI-related products and services.**

Figure 4: AI-related demand/monetization allegations are more common than AI washing allegations



7 GICS industry sectors from S&P Capital IQ.

In the majority of the complaints in our sample, plaintiffs allege more than one type of AI-related misrepresentation. In Figure 5, we show pairwise overlaps within the types of AI-related allegations.[8] Allegations of AI-related demand/monetization, AI washing, AI limitations or failures, and AI-related risk disclosures are often pleaded in conjunction with one another or alongside other allegations. It is therefore important for both plaintiffs and defendants to understand how different categories of alleged misstatements relate to one another: if certain alleged misstatements are central to plaintiffs' claims and others are derivative, a finding that the central alleged misstatements are non-actionable may materially affect the outcome of the case.

Figure 5: The most common AI-related allegation categories often appear together

	AI-related demand/monetization (n=67)	AI washing (n=37)	AI limitations or failures (n=25)	AI-related risk disclosures (n=24)	AI R&D or investment (n=19)	AI validation (n=7)
AI washing (n=37)	*27*					
AI limitations or failures (n=25)	*16*	*19*				
AI-related risk disclosures (n=24)	*18*	*9*	*8*			
AI R&D or investment (n=19)	*14*	*9*	*6*	*7*		
AI validation (n=7)	5	*6*	4	2	3	
AI-related costs & financial impact (n=6)	4	1	0	3	1	0

Digging deeper

In this section, we discuss trends observed in the different types of plaintiffs' claims and certain descriptive statistics for the defendant companies and cases.

Section 10(b) and Section 11 claims

Figure 6 above shows the number of AI-related securities class actions by types of plaintiffs' claims. In 22 of 87 cases (about 25%), plaintiffs alleged violations of Section 11, although in all but 3 of such cases Section 11 claims have been made in conjunction with Section 10(b) claims.[9]

8 We omit the category Undisclosed use of AI because it does not overlap with any other category.

9 7 of the 22 Section 11 cases also have Section 12(a)(2) claims.

Figure 6: Most AI-related cases assert Section 10(b) claims, while Section 11 claims appear in about one-quarter of cases

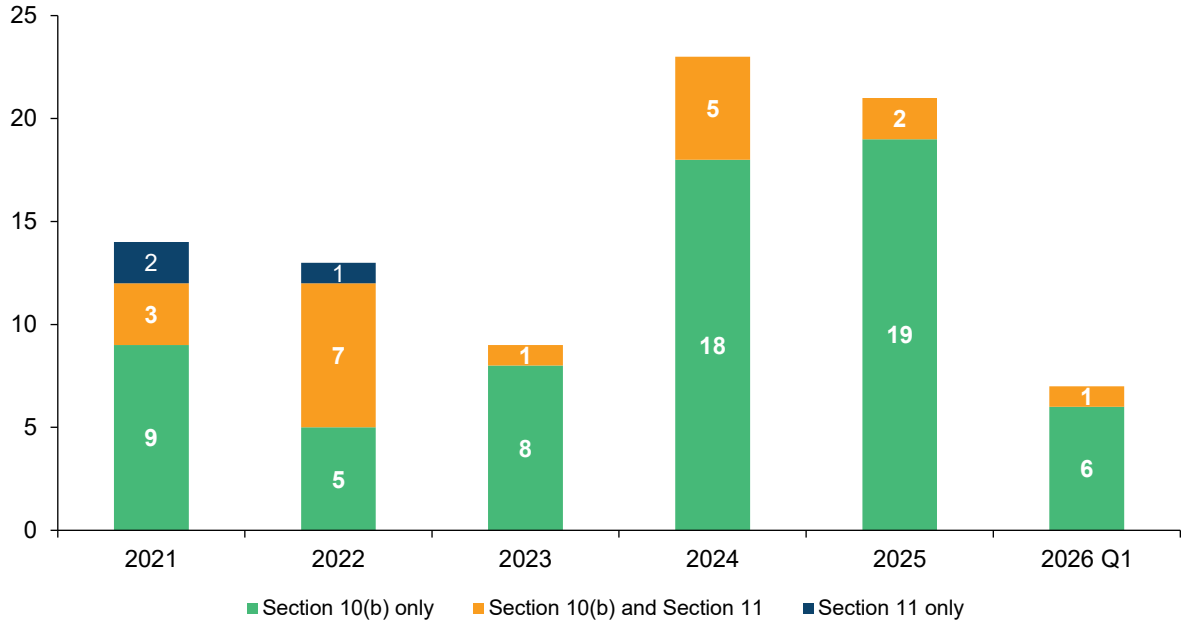
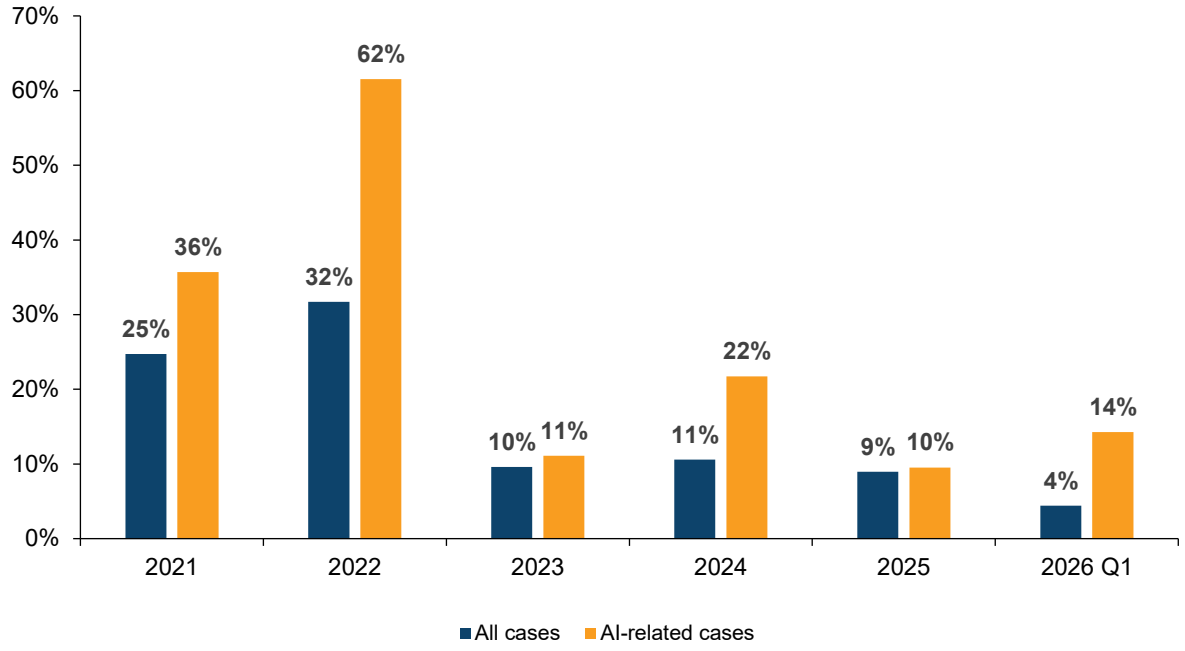


Figure 7 compares, by year, the percentage of AI-related securities class actions that included a Section 11 claim with the percentage of all securities class actions that included a Section 11 claim, as reported in CRA's quarterly Securities Litigation Flash Updates. **The incidence of Section 11 claims in AI-related securities class actions has been consistently higher than average. There are at least three potential explanations for this finding:**

1. **First**, firms with AI-related offerings may constitute a majority of going public transactions or secondary public offerings.
2. **Second**, firms facing AI-related Section 11 claims underperformed more, relative to projections compared with other firms facing Section 11 claims.
3. **Third**, because offering documents describe a firm's business, products, and services, firms facing AI-related Section 11 claims also tend to include discussion of AI—a newer technology—attracting heightened scrutiny than other firms facing Section 11 claims.

Figure 7: AI-related cases have a higher incidence of Section 11 claims than securities class actions overall[10]



In *ON24*, plaintiffs allege violations of only Section 11, claiming that "ON24 touts itself as offering a leading, cloud-based digital experience platform…. 'backed' by artificial intelligence (AI)/machine learning (ML)…"[11] and that the offering documents contained false and misleading statements about ON24's customers and financial conditions, false and misleading risk factors about customer base that "had already manifested and would occur shortly after the IPO," and failed to disclose "certain trends, uncertainties, and significant risk" posed by a changing customer base.[12]

In *Fermi*, plaintiffs allege violations of both Section 10(b) and Section 11 claiming that "Fermi purports to be an energy and artificial intelligence (AI) infrastructure company…" and it made materially false and misleading statements in its registration statement and other disclosures during the class period, such as overstating demand for its infrastructure and failing to disclose the over-reliance on a single customer.[13]

---

[10] Percentage of all cases extracted from CRA Securities Litigation Flash Update for Q4 2023 and Q1 2026. See, https://www.crai.com/insights-events/publications/securities-litigation-flash-q4-2023/; https://www.crai.com/insights-events/publications/securities-litigation-flash-q1-2026/

[11] In re ON24, Inc. Securities Litigation, "First Amended Consolidated Class Action Complaint," United States District Court Northern District of California, filed on September 1, 2023 (Case no. 4:21-cv-08578-YGR; "ON24"), ¶¶ 3-5.

[12] ON24, IV.D. 2-4.

[13] Lupia v. Fermi Inc. et al, "Class Action Complaint," United States District Court Southern District of New York, filed on January 1, 2026 (Case no. 1:26-cv-00050, "Fermi"), ¶¶ 2-7. Fermi's stock price declined by 18% on April 20, 2026 after the company disclosed the departure of its CEO and CFO on April 17 and 20, respectively, and publication of a short seller report on April 20. See, https://www.sec.gov/ix?doc=/Archives/edgar/data/0002071778/000121390026045197/ea0286864-8k_fermiinc.htm; https://www.sec.gov/ix?doc=/Archives/edgar/data/0002071778/000121390026045351/ea0286925-8k_fermi.htm; https://www.bloomberg.com/news/articles/2026-04-20/ai-nuclear-power-developer-fermi-slumps-after-abrupt-exit-of-ceo?sref=2iI2fcu5&embedded-checkout=true; stock price decline based on data from S&P Capital IQ.

Length of class period

Table 1 reports that the average length of the alleged class period has been about 1.4 years, irrespective of whether the case involves only Section 10(b) claims and/or Section 11 claims, and the median length of the alleged class period has been a year.[14] Certain cases stand out, such as *Richtech Robotics,* where the alleged class period is just over 2 days. In this case, the defendant firm is described as a "robotics and artificial intelligence (AI) technology company focused on developing advanced embodied AI systems that aims to improve the efficiency and productivity of US businesses."[15] Plaintiffs allege a class period beginning on January 27, 2026, marked by the company's issuance of an allegedly false and misleading press release regarding a purported partnership with Microsoft, and ending on January 29, 2026 at 12:00 PM EST, when an article reported Microsoft's denial of any such partnership.[16] Furthermore, as reported in Table 1, the alleged class period in some cases has been as long as about 5 years. For instance, the alleged class period in *Innodata* is from May 19, 2019 to February 14, 2024, where plaintiffs explicitly state that the defendant firm engaged in AI washing by advertising its AI expertise and capabilities, when in reality it provided "brut labor to companies working in AI; it did no artificial intelligence itself."[17]

Table 1: Alleged class periods typically last approximately one year

(days)	Section 10(b) and Section 11	Section 10	Section 11
Minimum	2	2	71
Mean	503	497	521
Median	364	364	365
Maximum	1,799	1,787	1,799

Size of defendant firms and severity of cases

Figure 8 below shows the size of the defendant company as measured by the market capitalization at the beginning of the class period. Mid-cap (market capitalization between $2 billion and $10 billion) and large-cap firms (market capitalization between $10 billion and $200 billion) have been the target of AI-related securities class actions in the majority of cases – about 55% for cases with Section 10(b) claims and about 73% for cases with Section 11 claims.[18]

---

14 For cases with only Section 11 claims, we end the class period on the most recent date when the motion to dismiss was decided, and for cases with both Section 11 and Section 10(b) claims, we use the class period for the Section 10(b) class.

15 Diez v. Richtech Robotics Inc., et al, "Class Action Complaint," United States District Court District of Nevada, filed on February 2, 2026 (Case no. 2:26-cv-00231; "Richtech Robotics"), ¶ 7.

16 Richtech Robotics, ¶¶ 17-36.

17 D'Agostino v. Innodata, Inc. et al, "Second Amended Class Action Complaint," United States District Court District of New Jersey, filed on April 10, 2025 (Case no. 2:24-cv-00971-JKS-JSA; "Innodata"), ¶¶ 7-8.

18 See https://www.finra.org/investors/insights/market-cap for a typical definition of market capitalization categories.

Figure 8: AI-related cases involve defendants across a wide range of market-capitalization

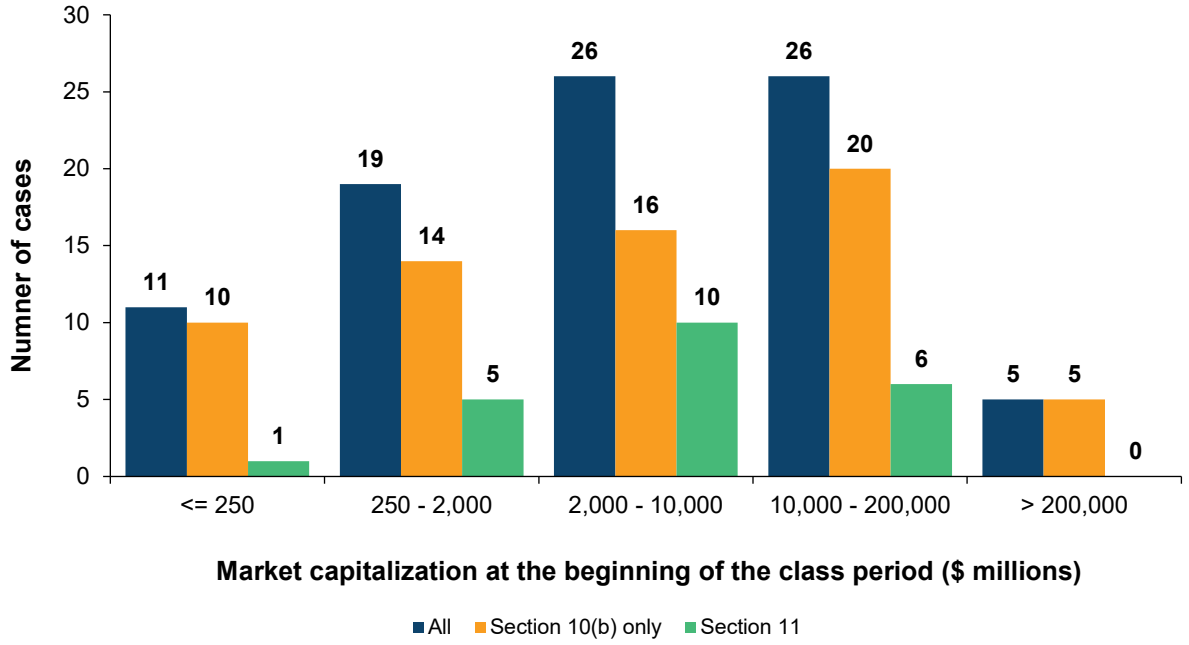


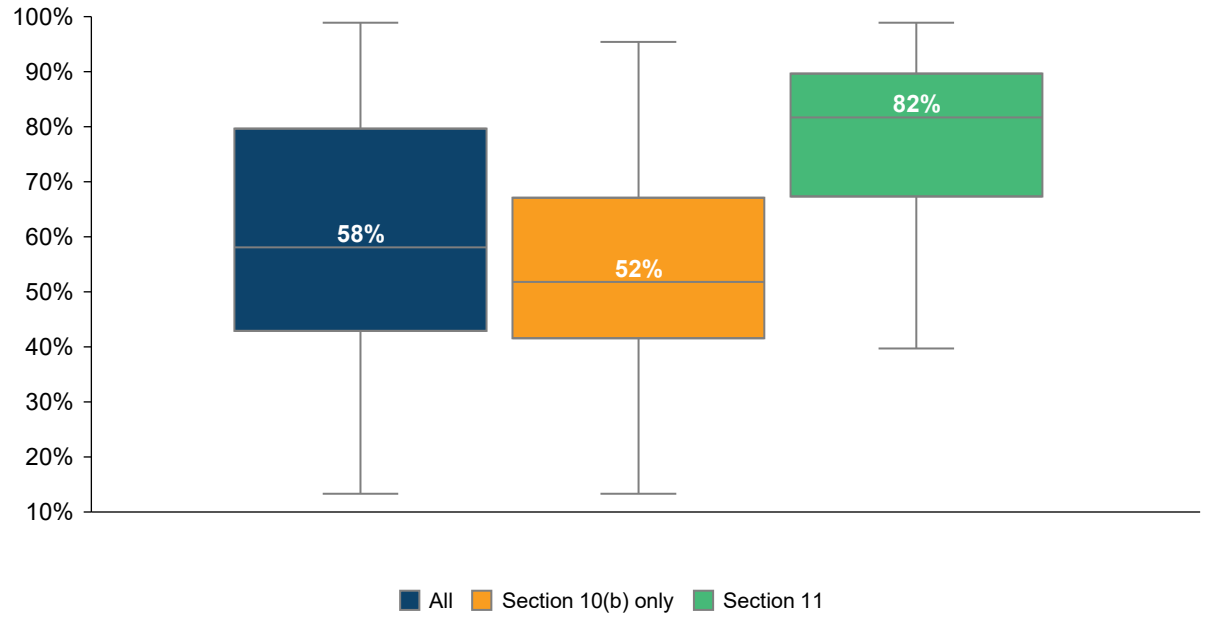
Table 2 reports the mean and median market capitalization of the defendant firm of $71.6 billion and $4.1 billion, respectively. Not surprisingly, the mean and median market capitalization of firms subject to Section 11 claims are lower than the mean and median market capitalization of firms subject to Section 10(b) claims.

Table 2: Market capitalization of defendant firms in AI-related securities class actions

($ millions)	Section 10(b) and Section 11	Section 10(b)	Section 11
Minimum	12	12	32
Mean	71,644	91,518	12,925
Median	4,098	4,571	3,624
Maximum	2,811,964	2,811,964	90,618

One measure of case severity is the market value lost by the defendant firm during the class period, defined as the difference between the highest market capitalization during the class period and market capitalization at the end of the class. However, the market value loss is due to market, industry, and company-specific factors, rather than the corrective disclosures alleged by plaintiffs. Figure 9 shows that the median market value lost as a percentage of peak market capitalization during the class period is 58% for all cases. Notably, cases involving Section 11 claims exhibit substantially larger declines in peak market capitalization than those involving Section 10(b) claims. Specifically, firms facing Section 11 claims experienced losses ranging from 40% to 99% of peak market capitalization, compared to losses ranging from 13% to 95% of peak market capitalization for Section 10(b) firms, the median losses are 82% versus 52% of peak market capitalization for Section 11 and Section 10(b) firms, respectively.

Figure 9: Section 11 cases exhibit larger median percentage market value losses during the alleged class period



Certain firms subject to either Section 10(b) or Section 11 claims lost almost all of their peak capitalization by the end of the class period. Upstart Holdings—where plaintiffs asserted Section 10(b) claims in part based on alleged AI-washing, contending that its AI-driven loan underwriting platform was not fully automated and required manual intervention—lost approximately 95% of its peak $30.3 billion market capitalization by the end of the class period.[19] iLearningEngines—where plaintiffs alleged violations of both Section 10(b) and Section 11, claimed, among other things, that it misled investors about its AI credentials—lost 99% of its peak $2.4 billion market capitalization by the end of the alleged class period.[20] The company filed for bankruptcy in December 2024 and in April 2026, the Department of Justice indicted its CEO and CFO for allegedly defrauding investors and banks.[21]

Table 3 reports the market value loss in dollar amounts. The mean and median market value lost for firms subject to Section 10(b) claims is $53.6 billion and $4.9 billion, respectively, compared to $12.2 billion and $4.1 billion, respectively, for firms subject to Section 11 claims.

---

19 In re Upstart Holdings, Inc. Securities Litigation, "First Amended Consolidated Complaint," United States District Court District of Ohio, filed on September 30, 2025 (Case no. 2:22-cv—2935-ALM-EPD, "Upstart Holdings"), ¶¶ 2-4; S&P Capital IQ.

20 Walker v. iLearningEngines, Inc., "Amended Class Action Complaint," United States District Court District of Maryland, filed on April 28, 2025 (Case no. 8:24-cv-02900-DKC, "iLearningEngines"), ¶¶ 54-62; S&P Capital IQ.

21 See, https://www.law360.com/articles/2466955/ai-co-execs-faked-customers-for-fraud-scheme-feds-say

Table 3: AI-related cases can involve billions of dollars in market value loss

($ millions)	Section 10(b) and Section 11	Section 10(b)	Section 11
Minimum	87	87	206
Mean	43,132	53,609	12,178
Median	4,626	4,872	4,055
Maximum	848,229	848,229	59,044

Conclusion

In the first part of this *Insights* series, we identify AI-related securities class actions filed from 2021 through Q1 2026 and examine their characteristics. AI-related securities class actions have increased over time, with plaintiffs advancing a range of AI-related misrepresentation claims under Sections 10(b) and/or 11. We observe that AI-related cases have a higher proportion subject to Section 11 claims compared to other securities class actions. The defendant firms span micro- to mega-cap, with class periods often exceeding one-year and losses in market value ranging from hundreds of millions to billions. In addition, plaintiffs allege a variety of misrepresentations related to different aspects of AI. As a result, it is important for both plaintiffs and defendants to understand how these allegations fit together when conducting an economic analysis of the underlying issues. Together, these features suggest from an economics perspective that these cases present substantial opportunities—and complexity—for both plaintiffs and defendants.

Appendix A: Identifying AI-related securities class actions

AI refers to computer-based systems designed to mimic human intelligence by learning from information, reasoning through problems, understanding inputs (such as language or images), and making decisions or recommendations, often with some degree of autonomy.[22] Because AI is a broad field that includes concepts like ML, large language model, and generative AI, our approach to identifying AI-related securities class actions alleging violations of Section 10(b) and/or Section 11 cases consists of two steps. First, we identified AI-related keywords to search in case dockets on Lex Machina for cases filed from 2021 through Q1 2026.[23] Second, we reviewed the allegations in the complaints identified through that search, and classified cases as AI-related if they fell within at least one of the following mutually non-exclusive categories:[24, 25]

1. **Exaggeration of AI capabilities (AI washing):** Overstating the true capabilities of purported AI technologies and/or concealing reliance on third-party or human involvement;
2. **Misleading statements about AI-driven performance, market demand, or companies' ability to sell AI-related products and services.(AI-related demand/monetization):** Overstating market demand for AI-related products and services, misrepresenting past or expected business performance due to AI-related products and services/initiatives or, overstating the ability to monetize AI-related products and services;
3. **Concealment of AI limitations/failures and challenges (AI limitations or failures):** Failure to disclose the limitations, failures, technical difficulties, or delays associated with developing or implementing AI solutions;
4. **False claims of validation (AI validation):** Misrepresenting methodology or results of tests conducted by the defendants or independent third parties;

---

22 See, for example, https://professionalprograms.mit.edu/blog/technology/machine-learning-vs-artificial-intelligence/; https://www.ibm.com/think/topics/artificial-intelligence; https://cloud.google.com/learn/artificial-intelligence-vs-machine-learning

23 The keywords were "artificial intelligence," " AI ," "AI-," "machine learning," "machine-learning," "deep learning," "deep-learning," "neural network," "generative AI," and "large language model". Academic research has also used these and additional words to identify AI-related disclosures in SEC filings and earnings calls. See, for example, Blades, Richard, Pawel Bilinski and Art Kraft, "Analysts' response to 'AI washing' in earnings conference calls,' Working Paper, February 2026; Martin, Lucas G. Uberti-Bona, Bram Rijsbosch, Gerasimos Spanakis, and Konrad Kollnig, "Are Companies Taking AI Risks Seriously? A Systematic Analysis of Companies' AI Risk Disclosures in SEC 10-K forms," Working Paper, 2026; Barrios, John M., John L. Campbell, Ryan G. Johnson, and Christine Liu, "Artificially Intelligent or Artificially Inflated? Determinants and Informativeness of Corporate AI Disclosures," Working Paper, February 2025; Cao Yang, Miao Liu, Jiaping Qiu, and Ran Zhao, "Information in Disclosing Emergning Technologies," Working Paper, 2024; Donelson, Dain C., Minjeong Kim, Sydney Kim, and Michael A. Yip, "Strategic AI Disclosures: Determinants and Consequences of Obfuscated and Overstated AI Investments," Working Paper, 2024. In determining the set of keywords, our goal was to capture as much AI-related securities class action lawsuits while keeping the manual review process manageable, so it is possible that there are AI-related securities class action lawsuits that we have not captured.

24 We exclude shareholder derivative lawsuits. For each lawsuit, we review the most recently filed complaint. For lawsuits that were consolidated, we review the most recently filed complaint in the consolidated action.

25 Motivated by the classification put forth by Melani E. Walker and Emma Peplow at DLA Piper. See https://www.dlapiper.com/en-us/insights/publications/2025/09/ai-related-securities-class-action-filings-are-on-the-rise-key-observations. Because the classifications were generated through manual review, some degree of subjectivity is inevitable. To ensure consistency, we adopted a two-step process: cases were initially divided between two team members for independent classification, and all classifications were subsequently reviewed by a third team member.

5. **Concealment of increased costs or negative financial impact from AI initiatives (AI-related costs & financial impact):** Understating or failing to disclose costs or other financially adverse impacts associated with developing, maintaining, or integrating AI technologies;
6. **Failure to disclose material risks and known trends related to AI (AI-related risk disclosures):** Risk disclosures inadequately addressing AI-related risks or portraying such risks as merely hypothetical even after they had materialized;
7. **Misleading statements about AI research, development, and investment (AI R&D or investment):** Overstating investment or concealing underinvestment in AI research and development, misstating the depth and expertise of AI teams, or misleading statements about the progress of AI initiatives;
8. **Concealment of AI use (Undisclosed AI use):** Failure to disclose the role of AI in business operations.

Appendix B: Examples of cases by types of allegations

Types of allegations	Example cases
AI-related demand/monetization	In *CoreWeave*, plaintiffs describe CoreWeave as "an artificial intelligence (AI) cloud computing company and… 'Hyperscaler'… [that] purports to generate substantially all of its revenue from committed long-term contracts providing customers with access to its AI infrastructure and proprietary… CoreWeave Cloud Platform."[26] Plaintiffs allege that defendants "materially understated the scope and severity of the risk that CoreWeave's reliance on a single third-party data center supplier presented for CoreWeave's ability to meet customer demand for its services."[27] In *Skyworks*, plaintiffs allege that Skyworks made materially false and misleading statements about its client base and oversold its position and ability to capitalize on AI-driven smartphone upgrade cycle.[28]
AI washing	In *Apple*, plaintiffs allege, among other things, that Apple touted the availability of Apple Intelligence—Apple's version of AI—to encourage users to upgrade to the iPhone 16.[29] In *Opendoor*, the allegations concern a pricing algorithm used to predict house prices. Plaintiffs allege AI-washing on the grounds that Opendoor had represented that the algorithm required no human intervention and drove the company's pricing decisions, when in fact pricing decisions were being made by humans because the algorithm was "largely inaccurate."[30]
AI limitations or failures	In *Opendoor*, plaintiffs also allege that the algorithm failed to adapt to changing housing market conditions in 2022, leading to excess inventory, even as defendants represented that their "systems are doing exactly what they're designed to do…"[31] In *DoubleVerify*, the allegations concern, among other things, that DoubleVerify's AI-powered technology had limitations in the face of AI-related developments in digital advertising.[32]

26 Masaitis v. CoreWeave, Inc. et al, "Class Action Complaint," United States District Court District of New Jersey, filed on January 12, 2026 (Case no. 2:26-cv-00355; "CoreWeave"), ¶¶ 2, 3.

27 CoreWeave, ¶ 13.

28 Cesar Nunez v. Skyworks Solutions, Inc. et al, "Complaint," United States District Court Central District of California, filed on March 4, 2025 (Case no. 8:25-cv-00411; "Skyworks"), ¶¶ 3, 22, 24.

29 City of Coral Springs Police Officers Pension Plan v. Apple Inc. et al, "Complaint," United States District Court for the Northern District of California, filed on January 28, 2026 (Case no. 5:25-cv-06252-NW; "Apple"), ¶ 3.

30 In addition to AI-washing, plaintiffs also allege that defendants represented that the algorithm enabled Opendoor to "consistently deliver positive contribution margins," when defendants in fact "deployed deceptive consumer practices to maximize contribution margins." Opendoor, ¶¶ 5, 16, 17.

31 Opendoor, ¶¶ 23-25.

32 Plaintiffs further allege that defendants failed to disclose that these risks had already materialized—specifically, that customers were already shifting ad spending and that this shift was already negatively affecting DoubleVerify's margins, profits, and ability to monetize its AI-powered services—even as the company's risk disclosures continued to describe those issues as possible future risks. See, In re DoubleVerify Holdings, Inc. Securities Litigation, "Class Action Complaint," United States District Court Southern District of New York, filed on May 22, 2025 (Case no.1:25-cv-04332; "DoubleVerify"), ¶¶ 3-5, 24-59.

Types of allegations	Example cases
AI-related risk disclosures	In *Reddit*, the plaintiff alleges that defendants misled investors during the alleged class period by downplaying the significance of changes in Google Search—especially AI Overviews—and their effect on Reddit's traffic, user growth, advertising revenue, and financial outlook.[33] The complaint alleges that the undisclosed problems associated with reduced traffic resulting from Google's AI-generated search results were already affecting key metrics, yet defendants continued to reassure the market that there were no meaningful long-term risk and no revenue concern.[34]
AI R&D or investment	In *LivePerson*, plaintiffs allege that defendants diverted resources from the company's core AI offering to acquire a non-core business offering precision medicine services using ML techniques.[35] Defendants allegedly represented strong growth in that non-core venture when, in reality, LivePerson's deteriorating financial condition adversely affected its performance, which in turn was due to the diversion of resources away from core operations to non-core operations.[36]
AI validation	In *Evolv*, plaintiffs allege, among other things, discrepancies between the public version of a third-party report on the effectiveness of Evolv's technology and the private version shared with Evolv. They further allege that Evolv failed to disclose its role in shaping the public report.[37]
AI-related costs & financial impact	In *Oracle*, plaintiffs allege that Oracle understated the costs it would incur to develop the infrastructure needed to support the development and deployment of AI technology.[38] In *Synopsys*, the complaint alleges that the company's increased emphasis on AI customers was adversely affecting the economics of one of its two business segments.[39]
Undisclosed AI use	In *CVS*, plaintiffs allege that CVS secretly deployed AI that "allowed [it] to broadly deny prior authorization requests for medically required—albeit expensive—'post-acute' care for the elderly" and concealed that its "profitability was driven in substantial part by an unsustainable and risky practice: CVS's abuse of AI algorithms and prior authorization to deny medically necessary care."[40]

33 Tamraz, Jr v. Reddit, Inc. et al, "Amended Class Action Complaint," United States District Court Northern District of California, filed on December 15, 2025 (Case no. 3:25-cv-05144-JD; "Reddit"), ¶¶ 15-28.

34 Reddit, ¶¶ 15-28.

35 Damri v. LivePerson, Inc. et al, "Amended Class Action Complaint," United States District Court Southern District of New York, filed on May 31, 2024 (Case no. 1:23-cv-10517-PAE; "LivePerson"), ¶¶ 3, 4.

36 LivePerson, ¶¶ 5, 11.

37 In re Evolv Technologies Holdings Inc. Securities Litigation, "Second Amended Class Action Complaint," United States District Court District of Massachusetts, filed on January 27, 2025 (Case no. :24-cv-10761-ADB; "Evolve"), ¶¶ 15, 60-67.

38 Jackson County Employees Retirement System v. Oracle Corporation, "Complaint," United States District Court Middle District of Tennessee, filed on January 27, 2026 (Case no. 3:26-cv-00365; "Oracle"), ¶¶ 19, 20.

39 New England Teamsters Pension Fund v. Synopsys, Inc. et al, "Complaint," United States District Court Northern District of California, filed on November 25, 2025 (Case no. 3:25-cv-10201-JD; "Synopsys"), ¶¶ 4-7.

40 CVS, ¶ 4. Relatedly, commentators have also noted a "wave" of actions—outside securities litigation—brought against insurers for allegedly using generative AI to make coverage determinations, including claims for breach of contract, breach of the implied covenant of good faith and fair dealing, and claims under ERISA. See, https://www.law360.com/articles/2467013.

About the Finance Practice

CRA's Finance Practice provides advanced consulting services to corporate clients and attorneys. We specialize in applying the tools, principles, and findings of finance, economics, and accounting to complex litigation and business problems. Companies, law firms, and government agencies rely on CRA for high-quality research and analysis, expert testimony, and comprehensive support in litigation and regulatory proceedings. Our reputation is built on exceptional client service and our ability to present innovative and pragmatic solutions to complicated challenges. For additional information about how CRA's experts can help you with your litigation and regulatory needs, please visit: **www.crai.com**.

Contacts

Aaron Dolgoff
Vice President
+1-617-425-3623
adolgoff@crai.com

Ana L. Balcárcel
Principal
+1-617-425-3341
abalcarcel@crai.com

Samanvaya Agarwal
Associate Principal
+1-617-425-3333
sagarwal@crai.com

CRA Charles River Associates