

Corporate & Financial Weekly Digest

October 28, 2011 by [Michael S. Gordon](#)

New Jersey District Court Dismisses Securities Fraud Action With Prejudice

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The plaintiff, a former officer of Alfacell Corporation (Alfacell), a biopharmaceutical company engaged in the development of cancer therapies, brought an action against his former employer, alleging violations of Section 10(b) of the Securities and Exchange Act of 1934 and Securities and Exchange Commission Rule 10b-5. The plaintiff, who had been granted stock options in Alfacell, alleged, *inter alia*, that Alfacell had knowingly and/or recklessly disseminated false and misleading information concerning the completion date of a clinical trial for an experimental new cancer treatment. The U.S. District Court for the District of New Jersey dismissed the plaintiff's claims under Section 10(b) and Rule 10b-5 with prejudice. After considering Alfacell's alleged statements in the context of the "the total mix of information available to investors," the court determined that the plaintiff had failed to demonstrate that the alleged statements and omissions constituted material misrepresentations. The court reasoned that, even assuming the statements at issue were false, a reasonable investor, viewing all of the information made available by Alfacell, would not have considered Alfacell's statements as "having significantly altered the total mix of information available" to the investing public.

Love v. Alfacell Corp., No. 09-5199 (MLC), 2011 WL 4915874 (D.N.J. Oct. 17, 2011)

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