

Court Permits State Court Jurisdiction Over Securities Class Actions

20 Mar 2018

In [Cyan, Inc. v. Beaver County Employees Retirement Fund](#), the Fund purchased shares in Cyan which then declined in value, prompting the Fund and others to file a class action suit against Cyan in state court under the Securities Act of 1933. Cyan argued that the Securities Litigation Uniform Standards Act of 1998, as it amended the 1933 Act, removed state court jurisdiction over the Fund's claims. The state court declined to dismiss the case, California's appellate court affirmed. The Court, resolving a split among state and federal courts in a unanimous opinion by Justice Kagan, affirmed. First, the Court held that the 1998 Act's language did not preclude state court jurisdiction over securities class actions by its express terms—the Act only barred certain securities class actions based on state law. The Court also rejected Cyan's arguments as to the legislative history and purpose of the 1998 Act. The Court further held, upon prompting by the Government, that the 1998 Act did not permit defendants to remove securities class actions to federal court, concluding that the plain language of the 1998 Act did not indicate any intent by Congress that actions brought under the Securities Act of 1933 be litigated solely in federal court.

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