

In re TD Bank / First Horizon Securities Litigation

COURT: United States District Court for the District of New Jersey
CASE NUMBER: 23-02763 (RBK/AMD)
CLASS PERIOD: 02/28/2022 - 05/03/2023
CASE LEADERS: Salvatore J. Graziano, Michael D. Blatchley
CASE TEAM: Aasiya Glover, Chloe Jasper

This action asserts claims on behalf of purchasers of First Horizon Corporation securities between February 28, 2022 and May 3, 2023, inclusive (the “Class Period”). The action arises out of a series of misrepresentations concerning Toronto-Dominion Bank (“TD Bank”), its compliance with the Bank Secrecy Act and anti-money laundering (“AML”) laws, and its proposed acquisition of First Horizon—a transaction regulators refused to approve because of TD Bank’s concealed AML deficiencies.

On February 28, 2022, TD Bank, a major Canadian multinational bank, announced that it had entered into an agreement to purchase First Horizon, a Memphis-based bank, for \$13.4 billion in cash. From the time the deal was announced, the senior executives of TD Bank and First Horizon touted the merger as a compelling transaction and told investors it was on track to obtain required regulatory approvals, with TD Bank CEO Defendant Bharat Masrani highlighting TD Bank’s “excellent regulatory relationships.” Specifically, throughout the Class Period, Defendants assured investors that the transaction was “proceeding at the pace we expected” and would be approved and closed by February 27, 2023. In doing so, TD Bank pointed to its supposedly “disciplined risk culture” and “strong risk culture” as benefitting the combined company, and ensuring timely regulatory approval. In fact, even after questions were raised about potential regulatory delays, TD Bank reassured investors the deal remained on track and that it was “extremely confident” the deal would get “done in short order.”

The truth began to be revealed on March 1, 2023, when First Horizon disclosed a delay to the transaction closing. In response to this disclosure, First Horizon shares declined over 10%. Then, on May 4, 2023, TD Bank and First Horizon disclosed that the deal would be scuttled altogether, as the banks could not provide assurance of regulatory approval in the next two years. Soon thereafter, numerous news outlets reported that regulators refused to sign off on the deal because of regulators’ “reluctance” to provide TD Bank “a clean bill of health on its anti-money-laundering practices.” In response to these disclosures, First Horizon shares plummeted in value, declining 33% in a single day, and causing substantial harm to the class. Following these disclosures, on October 10, 2024, the DOJ and regulators from the OCC, FinCEN, and the Federal Reserve announced that TD Bank had pleaded guilty to criminal violations of the Bank Secrecy Act (“BSA”) and conspiracy to commit money laundering, resulting in over \$3 billion in fines and penalty. This guilty plea was unprecedented, as TD became the largest bank in U.S. history to plead guilty to BSA program failures and the first U.S. bank in history to plead guilty to conspiracy to commit money laundering. The regulators’ findings corroborate, among other things, that TD executives knew full well of the bank’s pervasive AML violations during the Class Period.

BLB&G clients the Pentwater Funds (a group of investment funds advised by Pentwater Capital Management LP) and the Westchester Funds (a group of investment funds advised by Westchester Management, LLC) were appointed as co-Lead Plaintiffs on August 29, 2023. Lead Plaintiffs filed the Third Amended Complaint on January 31, 2025, and Defendants’ motion to dismiss the Third Amended Complaint is due March 14, 2025.

Case Documents

- January 31, 2025 - Third Amended Consolidated Class Action Complaint
- February 9, 2024 - Second Amended Consolidated Class Action Complaint