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# Hughes Hubbard & Reed

## First Circuit Affirms Dismissal in Biopharmaceutical Investor Litigation

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Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership  
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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### Highlights

- Hughes Hubbard secured a First Circuit decision affirming the dismissal of investor securities fraud claims tied to a biopharmaceutical company.
- The court agreed with the lower court that the case was filed in the wrong forum and must be brought in Delaware, as required by the parties' investment agreements.

### April 7, 2026

Hughes Hubbard successfully represented Samuel and Nadine Wohlstadter in an appeal before the U.S. Court of Appeals for the First Circuit, which affirmed the dismissal of a securities fraud action ordered by Judge Richard C. Stearns of the U.S. District Court for the District of Massachusetts. Hughes Hubbard's legal team also represented the Wohlstadters in the District of Massachusetts proceedings.

The First Circuit agreed with the lower court that the case was filed in the wrong forum and must be brought in Delaware, as required by the parties' investment agreements.

The case was brought by a group of investors – Michael A. Manzo, Michael K. Manzo, Louis Manzo and Dr. Paul Auwaerter – arising out of promissory note investments in Wellstat Therapeutics, a biopharmaceutical company run by the Wohlstadters. Less than two years after those investments were made, Wellstat entered bankruptcy, and the investors filed suit in the U.S. District Court for the District of Massachusetts, alleging securities fraud, consumer protection violations and related claims.

The district court dismissed the case, finding that the promissory notes required all disputes arising from the investments to be litigated exclusively in the Delaware courts. In March 2025, the investors appealed the ruling to the First Circuit.

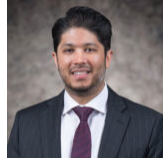
In March 2026, the First Circuit agreed that, based on a jurisdiction clause in the promissory notes, any disputes arising from the notes needed to be litigated in the Delaware courts.

The Hughes Hubbard team was led by partners Jeremy W. Schulman and Koushik Bhattacharya, assisted by counsel Renan Varghese. Bhattacharya argued the appeal at the First Circuit.

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**Jeremy Wyeth Schulman**



**Koushik Bhattacharya**



**Renan Varghese**

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