

Lawsuits, Fraud, and Market Recaps

September 16, 2024

- **Modest Market Movements** – The S&P 500 finished August 2024 up 2.4%, while the Dow Jones Industrial Average grew 2.0%. Similarly, the Nasdaq Composite increased 0.7% during the month (source: Y Charts).
- **Launching a Lawsuit** – Former Discover senior executive Diane Offereins has brought a discrimination lawsuit forward, claiming \$7 million in stock awards were revoked after she was used as a scapegoat for a card misclassification issue that attracted regulators. Simultaneously, Capital One proposed an acquisition of Discover for \$34 billion, although the deal is under antitrust review (source: Reuters).
- **A Majority Win** – Nine out of eleven sectors finished August 2024 with a gain. Consumer staples led with a 6.0% gain, while the real estate sector was close behind at 5.7%. The consumer discretionary and energy sectors posted negative returns in August 2024 dropping -0.2% and -2.1%, respectively (source: Y Charts).
- **August Winners** – Kellanova Co, formerly known as the Kellogg Company, was the stock with the largest gain in August 2024, posting a 38.6% increase. Fortinet Inc, a cybersecurity company, was close behind with a 32.1% gain (source: Google Finance).
- **Roll the Clouds** – Linda Sun, former deputy chief staff to NY Governor Kathy Hochul, was charged with violating and conspiring to violate the Foreign Registration Act, alien smuggling, money laundering conspiracy, and visa fraud. Sun is alleged to be working as an undisclosed agent of the Chinese government, receiving millions in benefits over the years (source: U.S. Department of Justice).
- **August Losers** – Super Micro Computer, an IT company, is in the hot seat after posting a 37.6% loss in August 2024 following a 10-1 stock split announcement. Moderna, a biotech company, was in a similar situation with a 35.1% loss after cutting its revenue forecast by 25% (source: Yahoo Finance).
- **Forecasting the Future?** – The 1-year and 2-year Treasury Rates shed 35 and 38 basis points in August 2024, respectively. 1-year T-Bills ended the month at 4.38%, the lowest rate since October 2022. 2-year T-Bills finished at 3.91%, the lowest rate since May 2023 (source: Y Charts).
- **Pulling Back Policies** – Lowe's, a home improvement store, announced the claw back of its diversity, equity, and inclusion efforts in August 2024. Changes include the consolidation of resource groups into one large group, the ending of participation

in the Human Rights Campaign's annual survey, and the ending of sponsorship and participation in events. Lowe's isn't the first company to adjust DEI efforts. Tractor Supply, John Deere, Best Buy, Harley Davidson, and Jack Daniels have all taken similar initiatives (source: CNBC).

- **Not All Trends are Good** – Chase Bank customers have been exploiting a 'glitch' by depositing fake checks into their accounts and immediately withdrawing the funds, causing severely negative balances. Chase Bank has issued a statement, calling the scheme "fraud, plain and simple." The trend originated on social media sites. It's unclear how Chase Bank will begin prosecuting customers (source: NBC News).
- **Back in the Spotlight** – Paris Hilton, popular socialite and the great-granddaughter of the founder of Hilton Hotels, is back in the recording studio. Hilton just released a follow-up album titled *Infinite Icon*. Her original album aired in 2006 (source: Billboard).

Definitions and Indexes

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