

AI Travel Firm Brass Accused Of Misleading Investors

By **Sydney Price**

Law360 (September 9, 2026, 10:15 PM EDT) -- Executives and directors of business travel technology firm Navan have been hit with a shareholder's derivative suit accusing them of misleading investors about the company's profitability and AI-driven business model in the registration statement for its initial public offering.

According to the complaint filed by shareholder Christopher Naimoli on Tuesday, Navan, which offers businesses tools to manage corporate travel plans, not only misled investors on its business prospects, but also hurt shareholders when it decided to go public during the federal government shutdown of 2025, when U.S. Securities and Exchange Commission staff were unable to review and accelerate its registration statement.

"Investors discounted Navan's stock as its registration statement did not face the typical scrutiny applied to other public offerings since the company went public by operation of law without traditional SEC administrative review," the complaint states.

The suit alleges that before and after its IPO, Navan and its executives "indicated that Navan was a company with successful growth strategies," when it was actually struggling. Its registration statement only hypothetically expressed that Navan's pricing strategy "could come under pressure," the complaint alleges.

"[I]n reality, Navan was already experiencing materially decreasing usage yields because of enterprise customers' existing negotiated rates with major travel partners and smaller unmanaged customers' willingness to pay for Navan's services," the complaint states.

The truth began to emerge, the suit alleges, soon after Navan's shares were listed on the Nasdaq for \$25, falling approximately \$5 to \$20 per share on the first day of trading.

"Analysts, including those affiliated with Navan's IPO underwriters, disclosed information omitted from the registration statement, including quarterly usage-yield trends, which was the assumption underlying Navan's \$185 billion [total addressable market] and the company's product mix," the suit states.

Several weeks later, on Dec. 15, 2025, Navan announced its third-quarter results, which revealed a net loss of \$225 million, an increase of 484% from the second quarter, according to the complaint. The same day, Navan's Chief Financial Officer Amy Butte announced she would soon depart the company.

Following the announcements, shares of Navan declined \$1.74 each, or about 12%, to close at \$12.90 per share on Dec. 16, 2025, according to the suit.

The truth fully emerged, the suit alleges, in Navan's next quarterly earnings announcement in March, when the company revealed that 20% of its business relied on human agents, not its AI-powered platform, contradicting a "critical premise" of its registration statement.

This service model is more expensive to operate than the core AI-powered platform, the company said, according to the suit.

Shares of Navan closed at \$9.15 per share on March 25, 2026, down approximately 64% from the \$25 IPO price, the suit states.

In addition to nominal defendant Navan and former executive Butte, the suit's individual defendants include Navan's CEO Ariel Cohen, former Chief Accounting Officer Anne Giviskos and several company directors. The suit accuses them of violating securities laws, breaching their fiduciary duties and being unjustly enriched.

Additionally, the suit accuses Giviskos of making approximately \$334,000 during the class period via illegal insider trades.

The suit also notes that the company is facing a proposed securities class action over related allegations.

Representatives of the parties did not immediately respond to requests for comment Wednesday.

Naimoli is represented by Joshua H. Grabar of Grabar Law Office and Gina M. Serra and Alex J. Tramontano of Rigrinsky Law PA.

Counsel information for Navan and the individual defendants was not immediately available Wednesday.

The case is Naimoli v. Cohen et al., case number 3:26-cv-09981, U.S. District Court for the Northern District of California.

--Editing by Kelly Duncan.