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RICO class actions – Northern District of Georgia dismisses federal RICO claims with prejudice

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Takeaway: A civil RICO claim – especially one framed as a putative class action – can be a powerful cause of action because the civil remedies for RICO violations include treble damages and mandatory fee-shifting. But federal district court judges often view RICO claims skeptically, as overly-complicated money grabs. Judge Steven Grimberg of the Northern District of Georgia recently leveled harsh criticism of putative RICO class action claims against the vaping industry that he dismissed in *Ledbetter v. Cloud 9 Online Smoke & Vape, LLC*, No. 1:24-cv-00538-SDG, 2026 WL 897015 (N.D. Ga. Mar. 31, 2026).

The very first sentence of the *Ledbetter* opinion foreshadowed the remainder of the decision: “When Plaintiff Hannah Ledbetter found out that the vape pens she purchased contained higher levels of THC than that permitted by federal law, she proceeded as any ‘regular Consumer’ of vape pens would: she filed a putative class action to try to take down the entire vaping industry.” 2026 WL 897015, at *1. Specifically, Ms. Ledbetter filed an assortment of claims in the Northern District of Georgia against a number of companies participating in the relevant supply chain—labeled the “Manufacturer Defendants,” the “Laboratory Defendants,” and the “Retail Defendants”—that included federal and state RICO claims as well as negligence and strict liability claims. *Id.* at *2-*3.

Because the federal RICO claims were key to the court’s federal subject matter jurisdiction, the district court focused on the viability of Ms. Ledbetter’s federal RICO and RICO conspiracy claims.

The district court found that the federal RICO claims did not plausibly allege the essential enterprise element. While Ms. Ledbetter relied on an alleged association-in-fact enterprise under federal RICO, her allegations failed to show that any of her enterprises shared the required “qualifying purpose.” *Id.* at *6. The court observed: “Ledbetter offers little more than conclusory and unsupported generalizations about a RICO enterprise that conveniently matches the typical supply chain for hemp products. The [complaint] is devoid of concrete facts sufficient to suggest that Defendants were operating with a common purpose to make money in the fraudulent or illegal sale of vape pens, rather than the ‘obvious alternative explanation’ that they were each

trying to make money, independently, in their respective role in the supply chain. Removing hyperbole and legal conclusions, the [complaint] merely describes links in a supply chain connected by ordinary commercial dealings.” *Id.* at *7.

The court noted further: “Without any plausible factual allegations that the Defendant manufacturers and distillate makers had agreements to produce vape pens with illegal amounts of Delta-9 THC, [Ms. Ledbetter’s allegations] merely show the routine transactions between participants in a supply chain for hemp products.” *Id.*

And because she failed to allege a plausible enterprise, her federal RICO conspiracy claims failed along with her substantive RICO claims. *Id.* at *8.

Judge Grimberg elected to dismiss the RICO claims with prejudice. Because the RICO claims constituted the “primary basis” for the federal court’s jurisdiction over most of the defendants, he went on to rule on various jurisdictional motions pertinent to the other claims, ultimately dismissing the various state law claims without prejudice and closing the case. *Id.* at *8-17.