

Historical Trends - Definitions

IPO Allocation (2001 - 2001)

IPO Allocation cases are a series of securities class actions filed in the early 2000s alleging that underwriters created artificial demand for stock by conditioning share allocations in an IPO upon the requirement that customers agree to purchase shares of the newly public company in the aftermarket and, in some instances, to make those purchases at pre-arranged, escalating prices. As part of the scheme, the underwriters required their customers to repay a material portion of profits obtained from selling IPO share allocations in the aftermarket through one of a number of potential transactions. The earliest case captured under the IPO Allocation trend was filed on January 11, 2001 and the most recent case was filed on December 6, 2002.

Analyst Malpractice (2001 - 2004)

Analyst Malpractice cases are a series of securities class actions filed in the early 2000s alleging that brokerage firm analysts falsely provided favorable coverage for certain issuers and failed to disclose material conflicts of interest for their own financial gain. The Analyst Malpractice cases involve securities directly affected by allegedly false analyst research reports. The earliest case captured under the Analyst Malpractice trend was filed on May 14, 2001 and the most recent case was filed on July 28, 2004.

Mutual Fund Market Timing (2003 - 2004)

Mutual Fund Market Timing cases are a series of securities class actions filed from 2003 to 2004 alleging that defendants engaged in improper market timing practices. Mutual fund marketing timing is where investors seek to profit from short-term differences between the closing Net Asset Value (NAV) of a mutual fund and the market prices of the fund's component stocks. The earliest case captured under the Mutual Fund Market Timing trend was filed on September 5, 2003 and the most recent case was filed on November 12, 2004.

Option Backdating (2003 - 2008)

Option backdating cases are a series of securities class actions alleging that defendants altered the date stock options were granted, typically to an earlier (but sometimes later) date at which the underlying stock price was lower in order to make the options more valuable. The Option Backdating scandal was brought to light by an academic study that was first published in 1997. The earliest case captured under the Option Backdating trend was filed on September 26, 2003 and the most recent case was filed on July 8, 2008.

Bid Rigging or Insurance Kickbacks (2004 - 2004)

Big Rigging or Insurance Kickbacks cases are a series of securities class actions stemming from then New York State Attorney General Eliot Spitzer's crackdown on the insurance industry in 2005. The lawsuits allege bid rigging in the competitive bidding process and/or payment of bribes or kickbacks to insurance brokers in the form of "contingent commissions" designed to steer business their way and shield them from competition. The earliest case captured under the Bid Rigging or Insurance Kickbacks trend was filed on July 2, 2004 and the most recent case was filed on November 2, 2004.

Credit Crisis (2007 - 2011)

Credit Crisis cases are a series of securities class actions filed against financial institutions (banks, brokerage firms, REITs, etc.), home builders, and ratings agencies, among others, alleging misconduct related to the 2007-2008 financial crisis. The earliest case captured under the Credit Crisis trend was filed on February 8, 2007 and the most recent case was filed on November 23, 2011.

Madoff-Related Cases (2008 - 2010)

Madoff-Related Cases are a series of securities class actions stemming from the massive Ponzi-scheme perpetuated by Bernard L. Madoff through his investment firm, Bernard L. Madoff Investment Securities, LLC, and others, which was publicly revealed in 2008. The earliest case captured under the Madoff-Related Cases trend was filed on December 12, 2008 and the most recent case was filed on December 10, 2010.

MeToo (2018 - 2018)

MeToo cases are a series of securities class actions alleging sexual harassment by a company executive or director or allegations of a culture of harassment within the company. The MeToo hashtag became popular on social media following the exposure of widespread sexual-abuse allegations against Harvey Weinstein in October 2017. The earliest case captured under the MeToo trend was filed on February 20, 2018 and the most recent case was filed on August 30, 2018.

If you have questions about this report, please contact scac@law.stanford.edu

<http://securities.stanford.edu/>
