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Contact: Jason Milch
Baretz+Brunelle
312.379.9406
jmilch@baretzbrunelle.com

Susan Wittner
Cornerstone Research
212.605.5002
swittner@cornerstone.com

**New Cornerstone Research Report:
Securities Class Action Settlements Continue Upward Trend in 2016 with Record Number of
Mega Settlements**

Total \$6 billion in approved settlements almost double previous year's amount

Washington, March 15, 2017—U.S. courts approved the highest number of securities class action settlements since 2010. Continuing the growth observed in the prior year, there were 85 approved settlements in 2016, five more than in 2015. Both years are a substantial increase over the annual numbers from 2011 through 2014.

As reported in [Securities Class Action Settlements—2016 Review and Analysis](#), the \$6 billion of approved settlements was nearly double the total settlement value in 2015. This increase was fueled by 10 mega settlements (settlements of \$100 million or more), which accounted for 81 percent of all settlement dollars. The number of mega settlements in 2016 was the highest in 10 years and included two settlements over \$1 billion.

“While the spike in total settlement value in 2016 was largely driven by growth in very large cases, an increase in the median settlement amount also indicates a shift for more typical securities class actions,” said [Dr. Laura E. Simmons](#), a Cornerstone Research senior advisor and a coauthor of the report. “Overall, defendant firms in 2016 were substantially larger compared to 2015, and we know from our research that larger firms are generally associated with higher settlement amounts.”

An increase in “estimated damages,” a simplified calculation representing a proxy for damages, was also an important factor in 2016 totals. Average “estimated damages” increased to \$4.8 billion in 2016 from \$4.4 billion in 2015, while median “estimated damages” rose to \$361 million from \$335 million.

“These data continue to emphasize the importance of mega cases and mega settlements, often concentrated in industries with large market capitalization components, like pharmaceuticals and finance,” observed [Joseph Grundfest](#), Professor of Law and Business at Stanford Law School. “Class action securities fraud litigation is a hit-driven business in which a small number of cases regularly account for the lion’s share of plaintiff recoveries.”

Highlights

- Total settlement dollars approved by U.S. courts in 2016 was nearly double the total in 2015 and the second highest in the past decade.
- The median settlement amount in 2016 was \$8.6 million, about 40 percent higher than the 2015 median of \$6.1 million.

- In 2016, median settlements as a percentage of “estimated damages” increased 24 percent from the 2011–2015 median and was higher than any annual percentage in the last five years.
- The median Disclosure Dollar Loss (DDL) associated with 2016 settlements was more than 50 percent higher than the previous year.
- Median total assets of issuer defendants increased more than 40 percent over 2015.
- Public pension plan involvement as lead plaintiffs increased for the second straight year.

Dollar amounts are adjusted for inflation; 2016 dollar equivalent figures are used.

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