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FOR IMMEDIATE RELEASE

**2010 Securities Class Actions Filings Continue to Decrease, According to Mid-Year Report by
Stanford Law School and Cornerstone Research**

Decline Is Associated with a Decrease in Credit-Crisis Litigation

Boston and Stanford, July 28, 2010—Federal securities class action activity continued to decrease in the first six months of 2010 to the lowest semiannual level since the first half of 2007, according to [Securities Class Action Filings—2010 Mid-Year Assessment](#), a semiannual report prepared by the Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research.

A total of 71 federal securities class actions were filed in the first half of 2010, a 15.5 percent decline from the 84 filings in each half of 2009. The decline in filings is associated with a decrease in credit-crisis-related litigation, which accounted for only eight filings in the first half of 2010 compared with 37 filings in the first half of 2009 and 16 filings in the second half of 2009. In addition, the median lag time between the end of the class periods and the filing dates decreased to 25 days, slightly below the historic median of 28 days, and well below the spike in median lag time of 112 days observed during the second half of 2009.

The financial sector continues to be a focus of plaintiffs' attention. Financial companies were defendants in 29.6 percent of the filings in the first half of 2010. According to the [Heat Maps of Standard & Poor's 500 Securities Litigation™](#), 5.1 percent of the S&P 500 companies in the Financials sector were named as defendants in federal securities class actions in the first half of 2010, representing 17.5 percent of that sector's market capitalization. In 2009, 11.9 percent of the S&P 500 Financials companies were targeted during the full year, representing 38.2 percent of the market capitalization in that sector. In terms of the percentage of constituents sued in each sector, S&P 500 companies in the Health Care and Energy sectors were most frequently named. Approximately 7.7 percent of the S&P 500 companies in each of the two sectors were targeted during the first half of 2010.

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[Disclosure Dollar Losses \(DDL\)](#) totaled \$53 billion, a 51.4 percent increase from the second half of 2009 but still well below the semiannual average of \$67 billion for the 13 years ending December 2009.¹ There were four mega DDL filings—filings with a DDL of \$5 billion or more—that accounted for \$35.8 billion and represented 67.1 percent of the DDL Index™ in the first half of 2010. Of the four mega DDL filings, one was related to the credit crisis. In the full year of 2009, three mega filings represented 49.3 percent of the DDL Index, including one filing related to the credit crisis. Mega filings have represented 56.7 percent of the DDL Index between 1997 and 2009.

[Maximum Dollar Losses \(MDL\)](#) totaled \$345 billion in the first six months of 2010, a 73.4 percent increase from the second half of 2009 and only 0.9 percent below the semiannual average for the 13 years ending December 2009. In the first half of 2010, there were 10 mega MDL filings—filings with an MDL of \$10 billion or more—that accounted for \$304.6 billion and represented 88.4 percent of the MDL Index™ in the period. Two of the mega filings were related to the credit crisis, and five mega filings exceeded \$25 billion. In the full year of 2009, 11 mega filings represented 72.6 percent of the MDL Index. Six of the mega filings were related to the credit crisis, and six mega filings exceeded \$25 billion.

Commentary

Professor Joseph Grundfest, Director of the Stanford Law School Securities Class Action Clearinghouse in cooperation with Cornerstone Research:

“The securities fraud litigation wave stimulated by the credit crisis now appears to be history. We have an inventory of cases waiting to be dismissed, settled, or tried, but to borrow a phrase from the current Gulf oil spill crisis, it seems that this flow has largely been capped.”

Dr. John Gould, Senior Vice President of Cornerstone Research:

“In addition to the low level of filings, what is interesting is the large decrease in the median lag time between the end of the class periods and the filing dates, which may indicate that plaintiffs have caught up with old cases after being inundated with cases involving the credit crisis.”

Key Findings

- If the filing rate for the first half of the year continues, there will be a total of 143 filings in 2010, the second lowest annual number of filings since 1997.
- The quarterly number of filings has fluctuated in the past 12 months. From the third to the fourth quarter of 2009, the number of filings declined by 9.1 percent, and from the fourth quarter of 2009 to the first quarter of 2010, the number declined by 15.0 percent. During the second quarter of 2010, however, there was a slight increase of 8.8 percent in the quarterly number of filings.
- The number of unique issuers whose exchange-traded securities were involved in class actions rebounded to 80.3 percent of the total number of filings in the first half of 2010. The number of unique issuers held steady at 93.1 percent between 1997 and 2007 and declined to 75.2 and 70.2 percent in 2008 and 2009, respectively.
- The Heat Maps of S&P 500 Securities Litigation™ show that 2.4 percent of companies, representing 4.9 percent of market capitalization in the S&P 500 Index, were defendants in filings in the first half of 2010. In particular, both the Health Care and Energy sectors of the S&P 500 Index, as defined by the *Global Industry Classification Standard*®, experienced a pickup in filings—7.7 percent of the S&P 500 companies in each sector were named as defendants. In the full year of 2009, 3.7 percent of the Health Care companies and 2.6 percent of the Energy companies in the S&P 500 were targeted.

- On June 24, 2010, the Supreme Court ruled, in *Morrison v. National Australian Bank Ltd.*, that foreign investors cannot file lawsuits in U.S. courts against foreign firms over shares bought on foreign exchanges, on the grounds that the U.S. securities laws do not reach conduct that has no effect in U.S. securities markets.

Professor Grundfest and Dr. Gould are available to speak to the media about the report titled *Securities Class Action Filings—2010 Mid-Year Assessment*. The full text of the report is available at the [Stanford Law School Securities Class Action Clearinghouse](http://securities.stanford.edu) (<http://securities.stanford.edu>) and [Cornerstone Research](http://www.cornerstone.com/securities) (<http://www.cornerstone.com/securities>) Web sites.

The Securities Class Action Clearinghouse is an authoritative source of data and analysis on the financial and economic characteristics of federal securities fraud class action litigation.

Cornerstone Research provides economic and financial consulting and expert testimony in litigation and regulatory proceedings and cosponsors the Stanford Law School Securities Class Action Clearinghouse. Information about Cornerstone Research is available at <http://www.cornerstone.com>.

¹ Disclosure Dollar Loss and Maximum Dollar Loss are defined in the “Market Capitalization Losses” section of the report.

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