



CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Accounting Class Action Filings and Settlements

2022 Review and Analysis

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Executive Summary

The number of securities class action filings involving accounting allegations increased slightly in 2022, while the median number of days between the end of the class period and the filing date of an accounting case was the longest in 10 years. After a large drop in 2021, filings referencing financial statement restatements and/or allegations of internal control weaknesses returned to pre-2021 levels.

The total value of settlements involving accounting allegations increased substantially over 2021, driven by both growth in the volume of settlements as well as settlement amounts. These increases were accompanied by a dramatic rise in the size of issuer defendants in settlements involving accounting allegations.

- There were 51 securities class action filings involving accounting allegations (“accounting case filings” or “accounting cases”) during 2022. This is an increase of 11% compared to 2021.¹ (page 2)
- The median filing lag for accounting case filings increased for the first time since 2019 and, at 24 days, was the longest in the past 10 years. (page 4)
- The median pre-disclosure market capitalization of issuer defendants in 2022 accounting case filings was \$1.1 billion, the smallest since 2017.² (page 10)
- Accounting case filings in the Financial sector in 2022 dropped to their lowest level in the last 10 years. (page 12)
- There were 43 securities class action settlements involving accounting allegations (“accounting case settlements”) in 2022, an increase of 30% over 2021. (page 8)
- The median settlement for accounting cases in 2022 almost doubled compared to the 2021 median settlement amount (see Figure 1).
- While the total value of all accounting case settlements increased substantially in 2022, it remained below the 2013–2021 average. (page 9)
- The median pre-disclosure market capitalization of issuer defendants in accounting cases settled in 2022 increased by 111% over the prior year. (page 11)

Figure 1: Filings and Settlements Summary Statistics

(Dollars in millions)

	Accounting Cases		Non-Accounting Cases	
	2021	2022	2021	2022
Filings Summary				
Total Number of Filings	46	51	146	139
Total Disclosure Dollar Loss (DDL)	\$31,749	\$31,151	\$248,974	\$586,103
Settlements Summary				
Number of Settlements	33	43	54	62
Total Settlement Value	\$817	\$1,365	\$1,116	\$2,440
Median Settlement	\$8.1	\$15.5	\$9.1	\$9.0
Average Settlement	\$24.7	\$31.7	\$20.7	\$39.4

Note: Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Filings

Accounting Case Filings

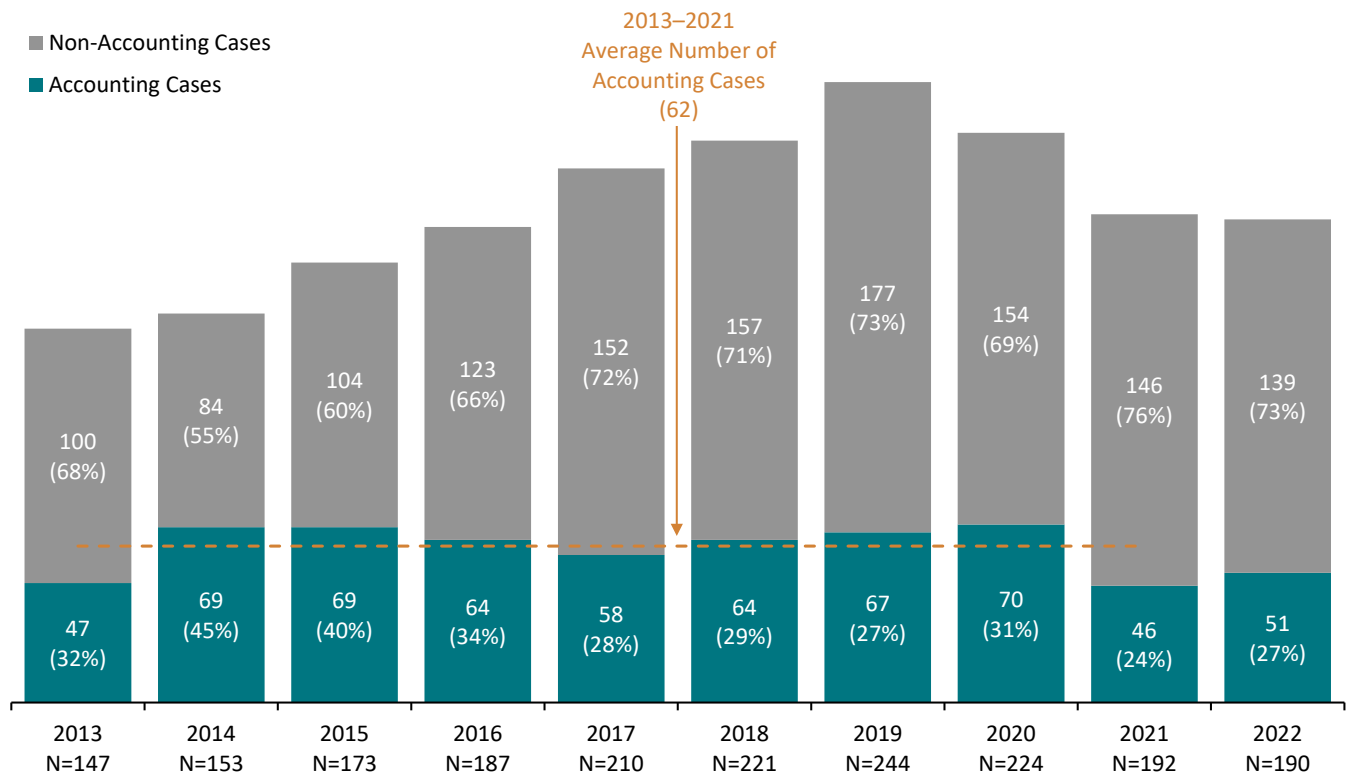
This report focuses on federal securities class action filings containing Rule 10b-5, Section 11, or Section 12(a) claims, referred to as “core” filings.³

- The number of accounting case filings in 2022 increased compared to 2021, but was the third-lowest number of filings since 2013.
- Approximately 24% of accounting case filings in 2022 involved special purpose acquisition companies (SPACs), consistent with the level of such filings in 2021.
- Approximately 12% of accounting case filings in 2022 involved Section 11 claims, the highest level over the last 10 years.

- In 2022, revenue recognition continued to be the most common GAAP allegation, with 35% of accounting case filings involving allegations of improper revenue recognition.

Accounting case filings in 2022 increased by 11% compared to 2021.

Figure 2: Accounting Case Filings as a Percentage of Total Filings 2013–2022

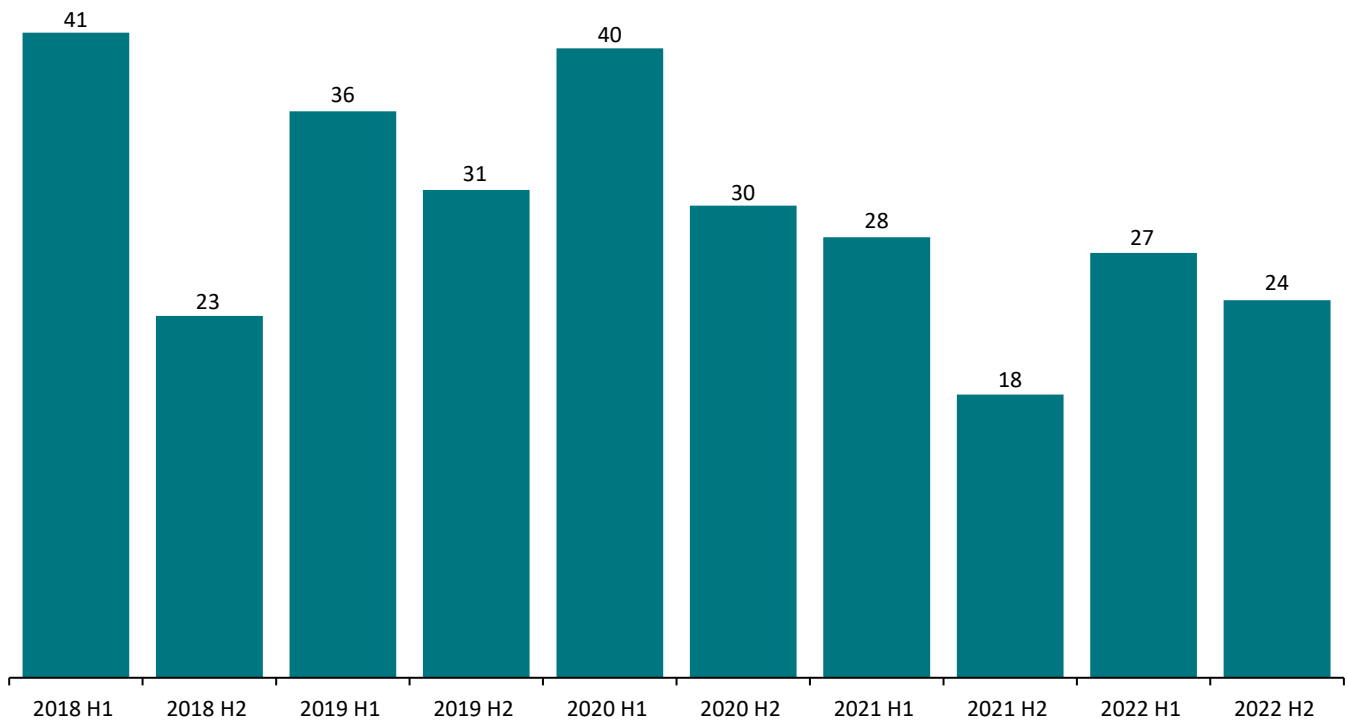


Semiannual Accounting Case Filings

- For the sixth consecutive year, the pace of accounting case filings was lower in the second half of the year.
- Although accounting case filings in the first half of 2022 comprised 53% of total 2022 accounting case filings, the DDL for those cases represented more than 86% of the total DDL for accounting case filings for the entire year.
- In 2022, 67% of accounting case filings involving a SPAC took place in the first half of the year.

The second-half drop in accounting case filings in 2022 was the smallest in the past 10 years.

Figure 3: Semiannual Accounting Case Filings 2018–2022



Accounting Case Filing Lag

This analysis identifies the number of days between the end of the class period and the filing date of an accounting case.

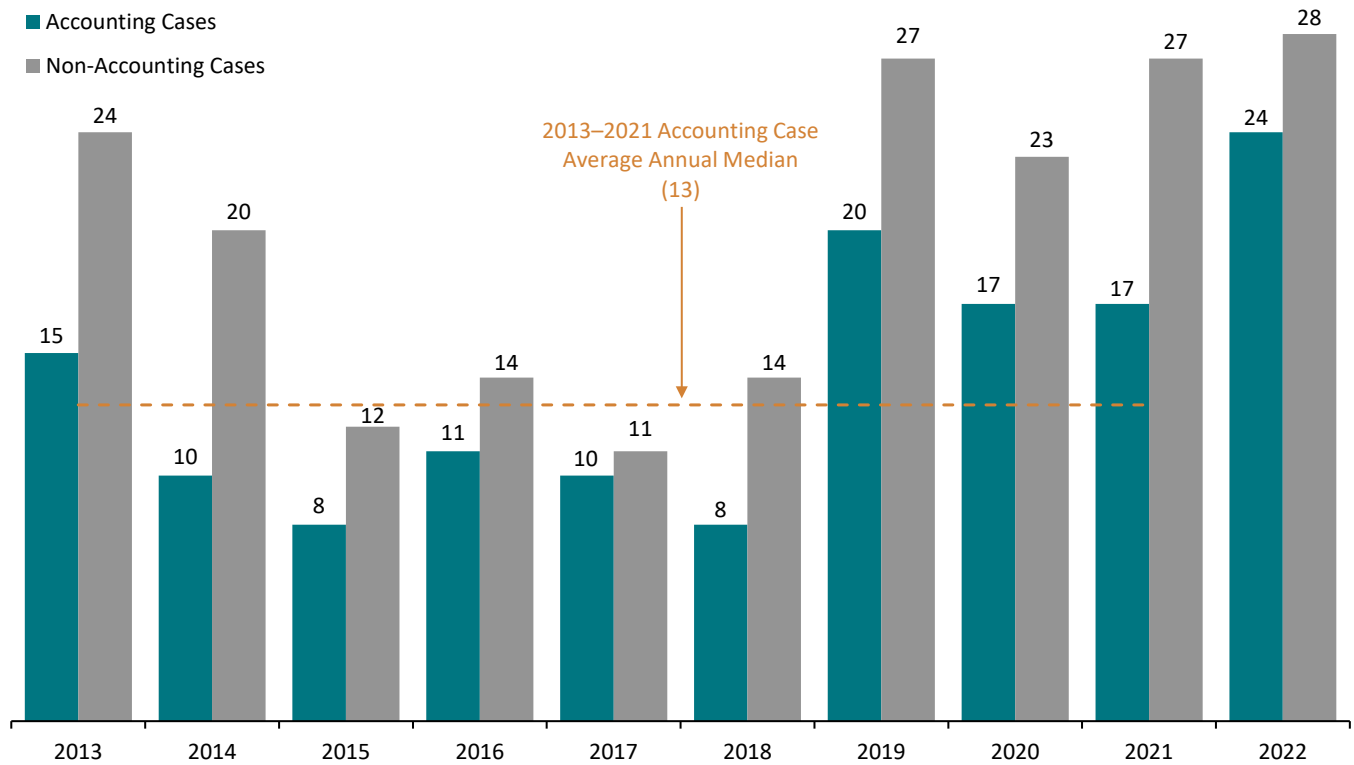
- Accounting cases tend to be filed more quickly than non-accounting cases. As in prior years, the median filing lag for accounting cases in 2022 was shorter than the filing lag for non-accounting cases, but the difference between the filing lags of non-accounting and accounting cases was the smallest since 2017.

- In 2022, the median filing lag for accounting cases increased for the first time since 2019.

At 24 days, the median filing lag for accounting cases in 2022 was the longest in the past 10 years.

Figure 4: Accounting Case Filings and Annual Median Lag between Class Period End Date and Filing Date 2013–2022

(Number of days)



Accounting Case Filings and Market Capitalization Losses

Disclosure Dollar Loss Index® (DDL Index®)

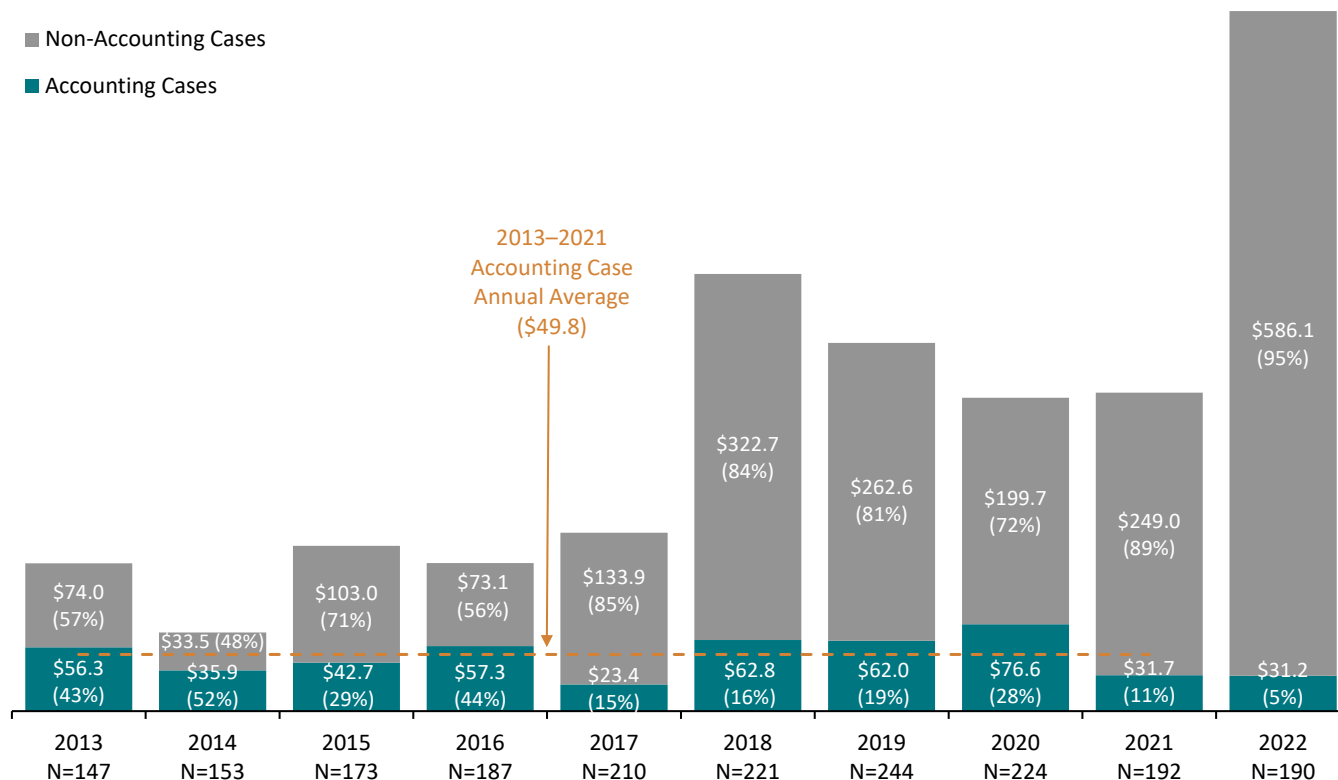
This index measures the aggregate annual DDL for all filings. DDL is the dollar-value change in the defendant firm’s market capitalization between the trading day immediately preceding the end of the class period (i.e., pre-disclosure market capitalization) and the trading day immediately following the end of the class period. DDL should not be considered an indicator of liability or measure of potential damages.

The DDL Index for accounting case filings reached its lowest level since 2017.

- The large increase in total DDL for securities class action filings was limited to non-accounting cases.
- The DDL Index for accounting case filings in 2022 was 38% lower than the 2013–2021 annual average DDL for accounting case filings.
- The DDL for accounting case filings involving the five largest issuer defendants, as measured by pre-disclosure market capitalization, accounted for approximately 61% of the total accounting case DDL in 2022.
- Two of the five accounting case filings with DDL over \$1 billion involved a SPAC.

Figure 5: Accounting Case Filings and Disclosure Dollar Loss Index® (DDL Index®) 2013–2022

(Dollars in billions)



Note: DDL dollars are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Status of Accounting Case Filings

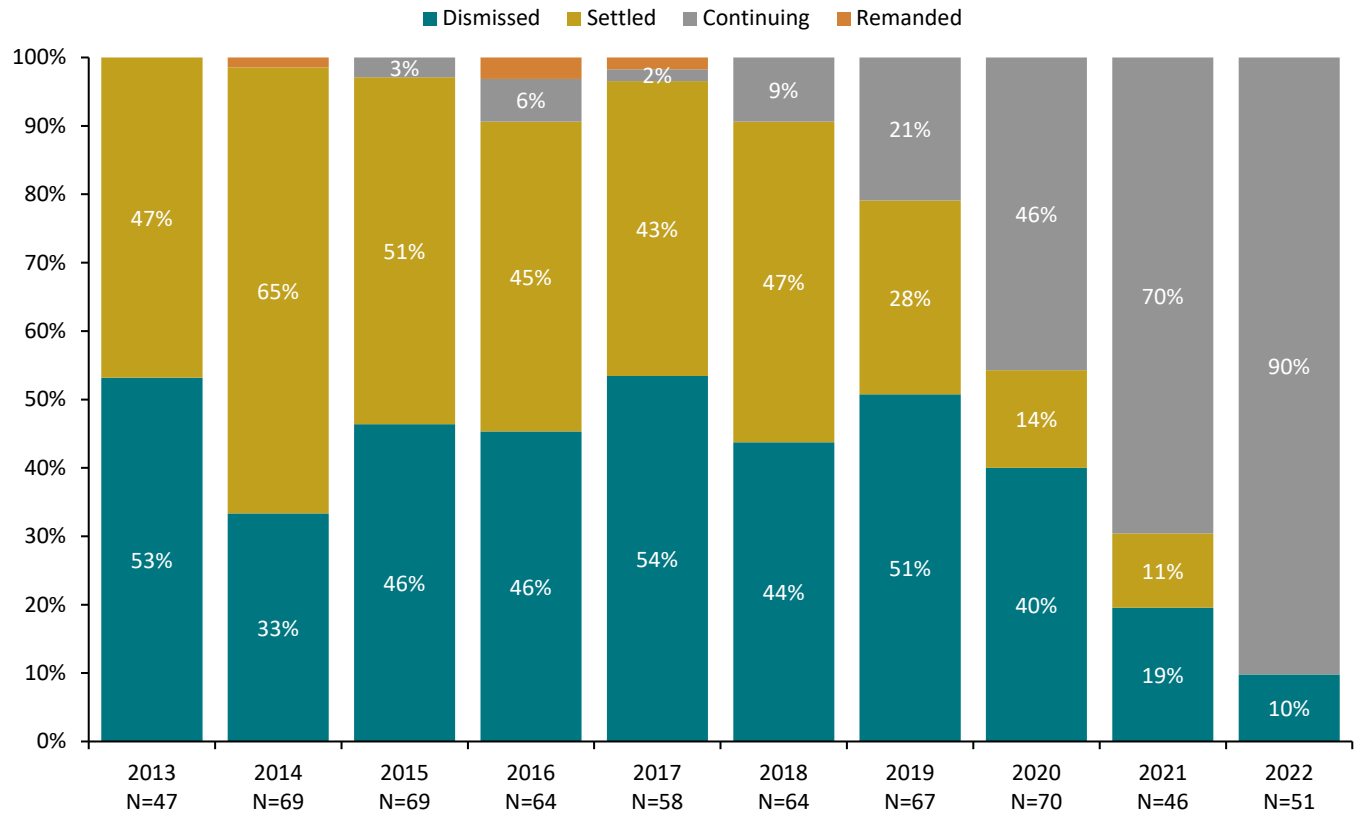
This analysis compares filing groups to determine whether filing outcomes have changed over time. As each cohort ages, a larger percentage of filings are resolved—whether through dismissal, settlement, remand, or trial verdict.

- From 2013 through 2021, 40% of accounting case filings were settled, 43% were dismissed, 1% were remanded, and 16% are continuing.
- More recent cohorts have too many ongoing cases to determine their ultimate dismissal rates. However, the 2020 cohort will end up having a dismissal rate of at least 40% based on the percentage dismissed by the end of 2022.

- Accounting cases filed from 2013 through 2021 were 30% more likely to settle than non-accounting cases.

Accounting cases filed from 2013 through 2021 were approximately 14% less likely to be dismissed as compared to non-accounting cases.

Figure 6: Status of Accounting Case Filings by Year 2013–2022



Timing of Dismissals of Accounting Case Filings

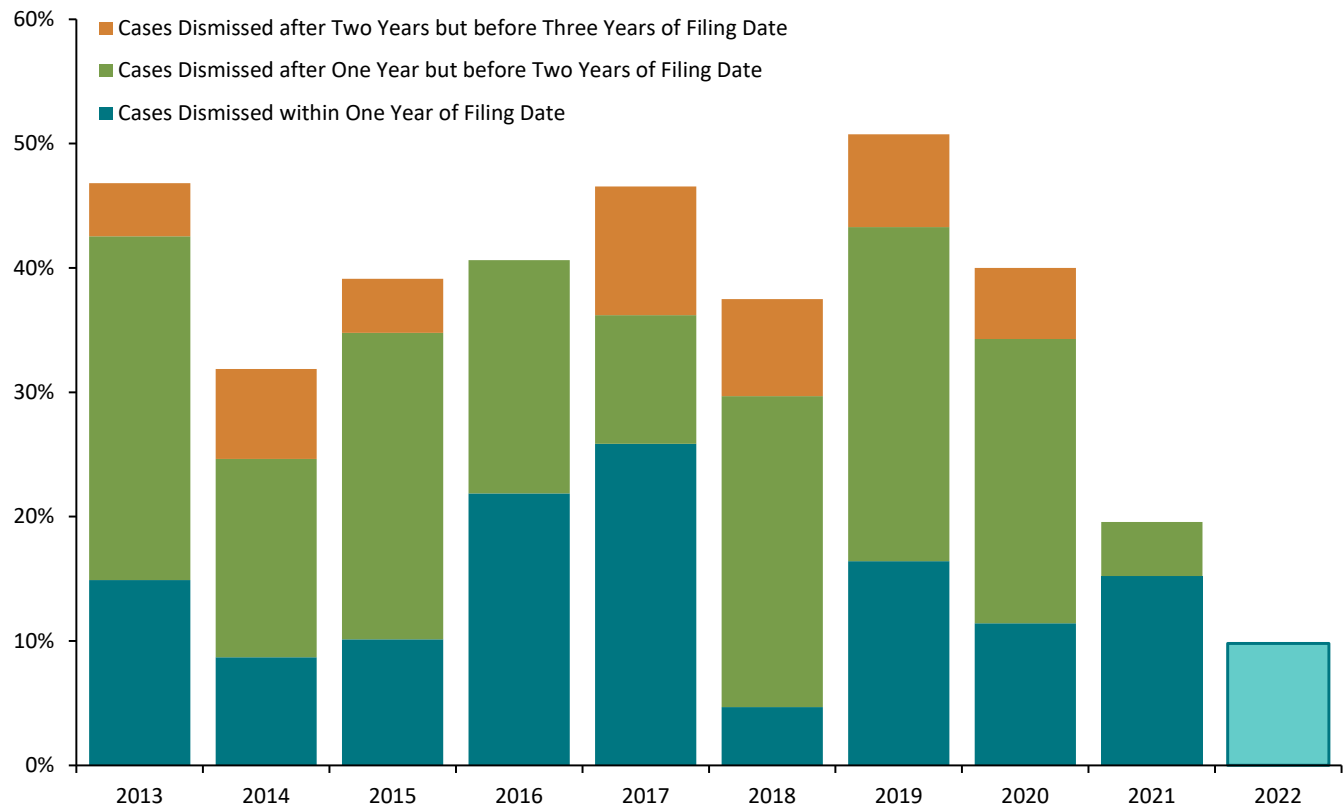
This analysis looks at dismissal trends within the first three years of the filing of a class action to gain insight on recent accounting case dismissal rates across cohorts.

- On average, the dismissal rate for accounting cases from 2013 through 2021 was 14% in the first year following the filing of a complaint.
- The 2019 cohort has the highest three-year dismissal rate (51%) of any cohort between 2013 and 2019.

- On average, accounting cases filed from 2013 through 2021 were nearly 10% less likely to be dismissed in the first year following the filing of a complaint compared to non-accounting cases.

Accounting case filings from 2019 through 2021 involving a SPAC were twice as likely to be dismissed within the first three years than non-accounting case filings involving a SPAC.

Figure 7: Percentage of Accounting Case Filings Dismissed within Three Years of Filing Date 2013–2022



Note:

- Percentage of cases in each category is calculated as the number of accounting case filings that were dismissed within one, two, or three years of the filing date divided by the total number of accounting cases filed each year.
- The outlined bar for 2022 indicates the percentage of accounting cases dismissed through the end of 2022. The outlined bar therefore presents only partial-year observed resolution activity, whereas its counterparts in earlier years show an entire year.

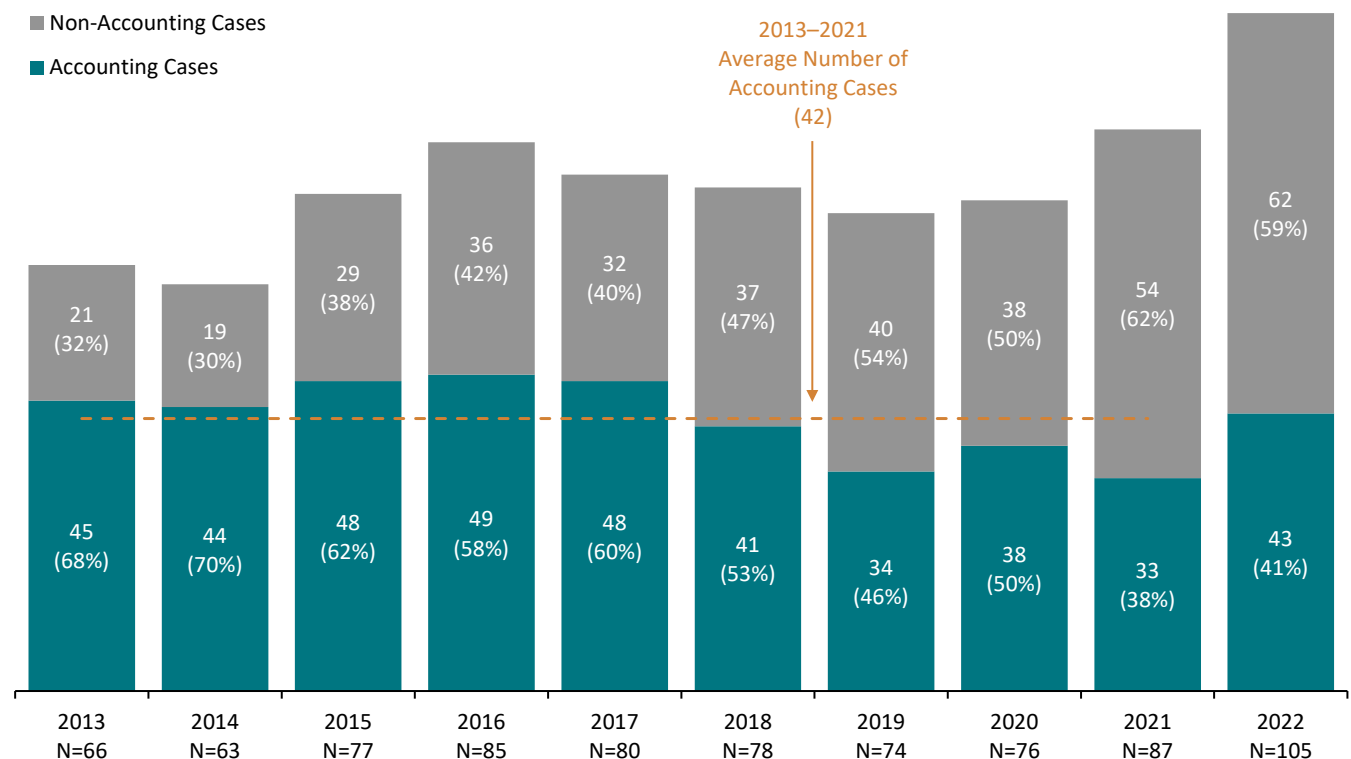
Settlements

Number of Accounting Case Settlements

- Accounting case settlements as a proportion of all securities class action settlements remained relatively low in 2022, compared to earlier years in the prior decade.
- However, in comparison to 2021, the number of settled accounting cases increased by 30% in 2022, and at 43 settlements, slightly exceeded the average for the prior nine years.
- Accounting cases settled in 2022 took longer to settle than they have in recent years. For example, the average time to settlement was 3.7 years in 2022, compared to 3.2 years in 2021.
- Over the past six years, the percentage of accounting case settlements involving GAAP allegations has declined, from 100% of cases in 2016 to 84% of cases in 2022. This trend is due to an increase in settlements involving allegations of internal control weaknesses but no GAAP allegations.

The number of accounting case settlements in 2022 rebounded to the highest level since 2017.

Figure 8: Accounting Case Settlements as a Percentage of Total Settlements 2013–2022



Accounting Case Settlement Value

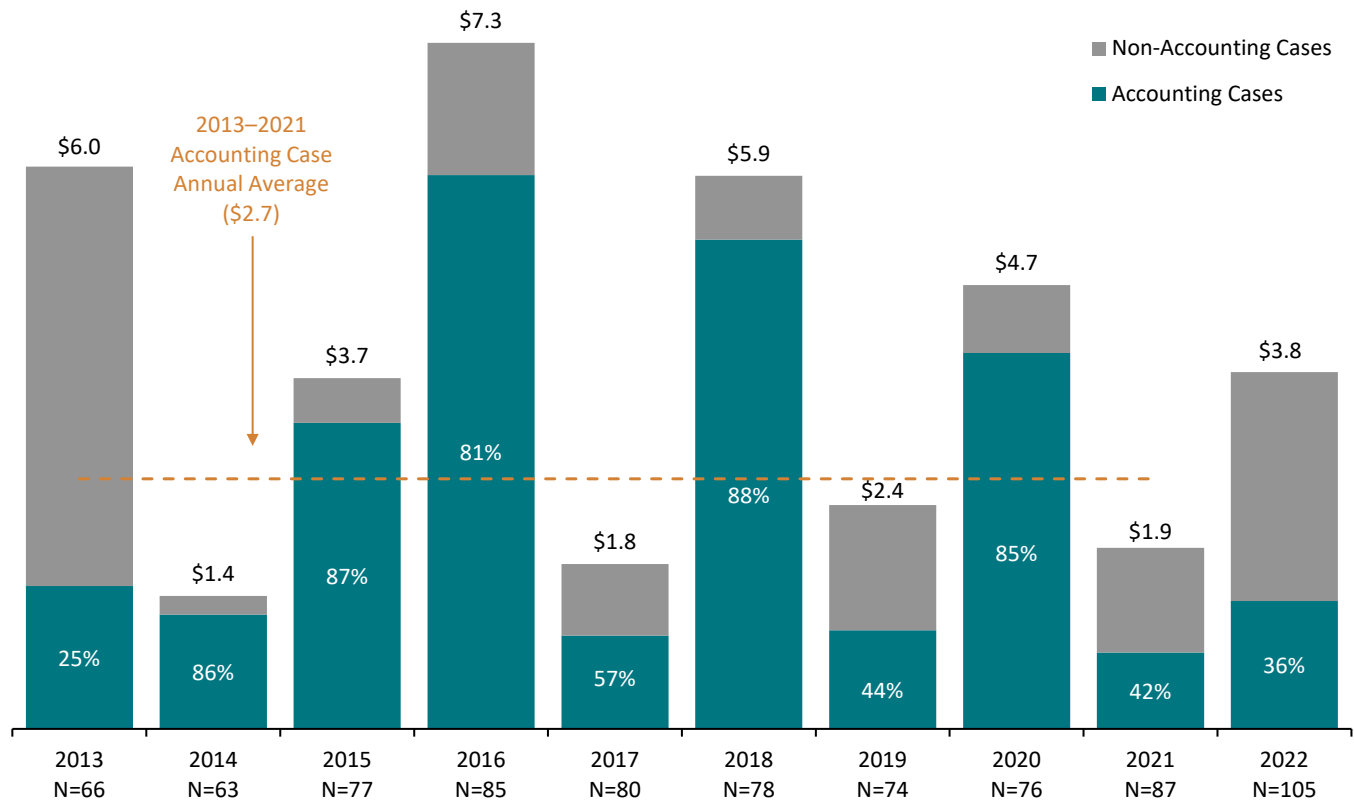
- In part reflecting the increase in the number of settlements, compared to the prior year, the total value of all accounting case settlements increased from \$817 million in 2021 to \$1.4 billion in 2022.
- The growth in the total value of accounting case settlements was also driven by an increase in both average and median settlement amounts. For example, the average settlement amount was \$31.7 million in 2022, compared to only \$24.7 million in 2021.
- Although the total value of accounting case settlements increased in 2022 compared to the prior year, as a proportion of the total value of securities class action settlements, it declined from 42% to 36%.
- There were three mega settlements (a settlement greater than or equal to \$100 million) in 2022 for accounting cases, compared to just one in 2021. Over the prior nine years, there have been an average of four mega accounting settlements per year.

The total value of accounting case settlements increased more than 67% over the prior year.

- Excluding mega settlements, the total value of accounting case settlements was the highest since 2010.
- For the accounting case settlements in 2022 for which data on the directors and officers (D&O) insurance contribution were available, such contribution represented 100% of the settlement amount in the majority of cases.

Figure 9: Accounting Case Settlement Dollars as a Percentage of Total Settlement Dollars 2013–2022

(Dollars in billions)



Note: Settlement dollars are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Firm Size

Accounting Case Filings by Firm Size

This analysis examines whether the size of defendant firms has changed over time based on pre-disclosure market capitalization.

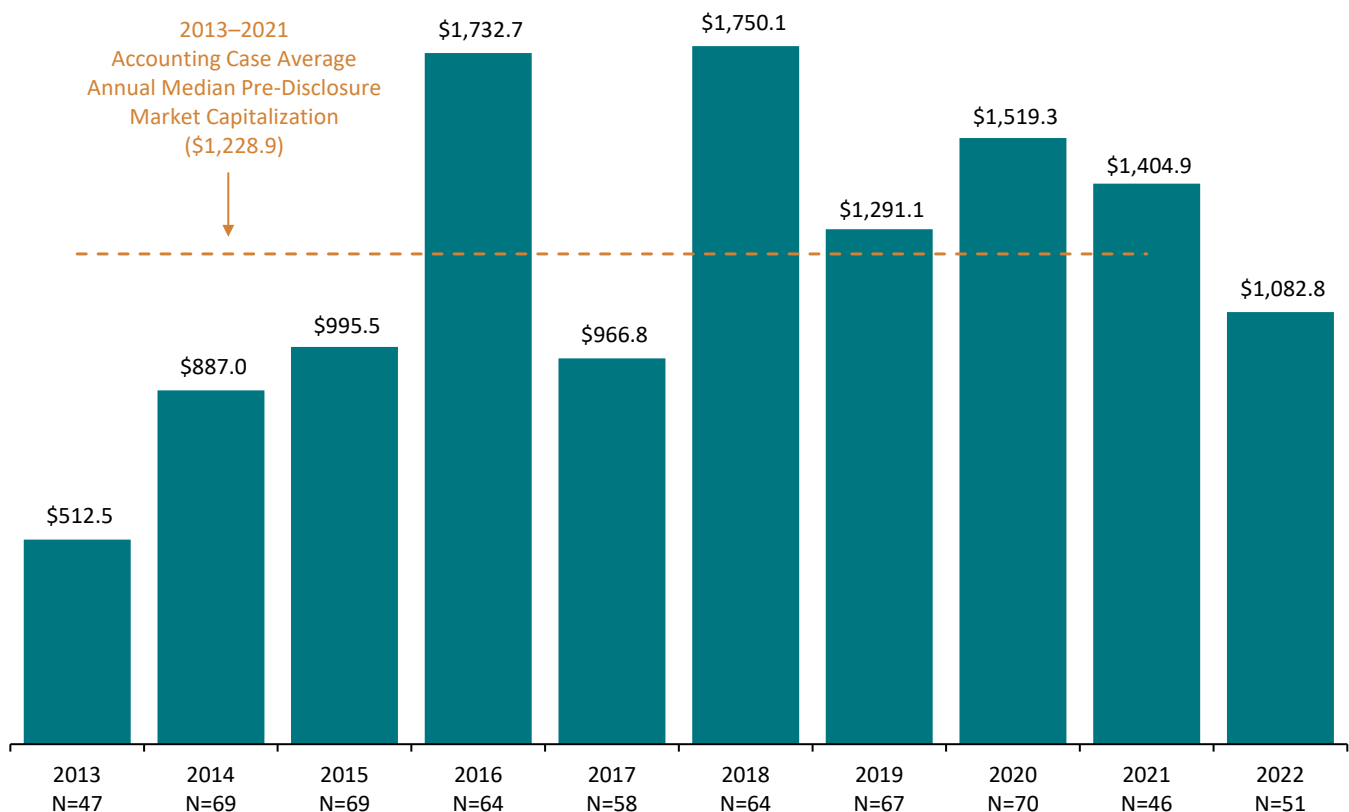
- In each of the last five years, the median pre-disclosure market capitalization for issuer defendants in accounting case filings has exceeded \$1 billion.
- At \$1.1 billion, the median pre-disclosure market capitalization of issuer defendants in 2022 accounting case filings was 12% less than the 2013–2021 average.

- Consistent with prior years, the majority of the 10 accounting case filings in 2022 involving the largest issuer defendants, as measured by pre-disclosure market capitalization, were filed in the Second or Ninth Circuits.

The median pre-disclosure market capitalization of issuer defendants in 2022 accounting case filings was the smallest since 2017.

Figure 10: Accounting Case Filings and Median Pre-Disclosure Market Capitalization of Issuer Defendants 2013–2022

(Dollars in millions)



Note: Pre-disclosure market capitalization dollars are adjusted for inflation; 2022 dollar-equivalent figures are presented.

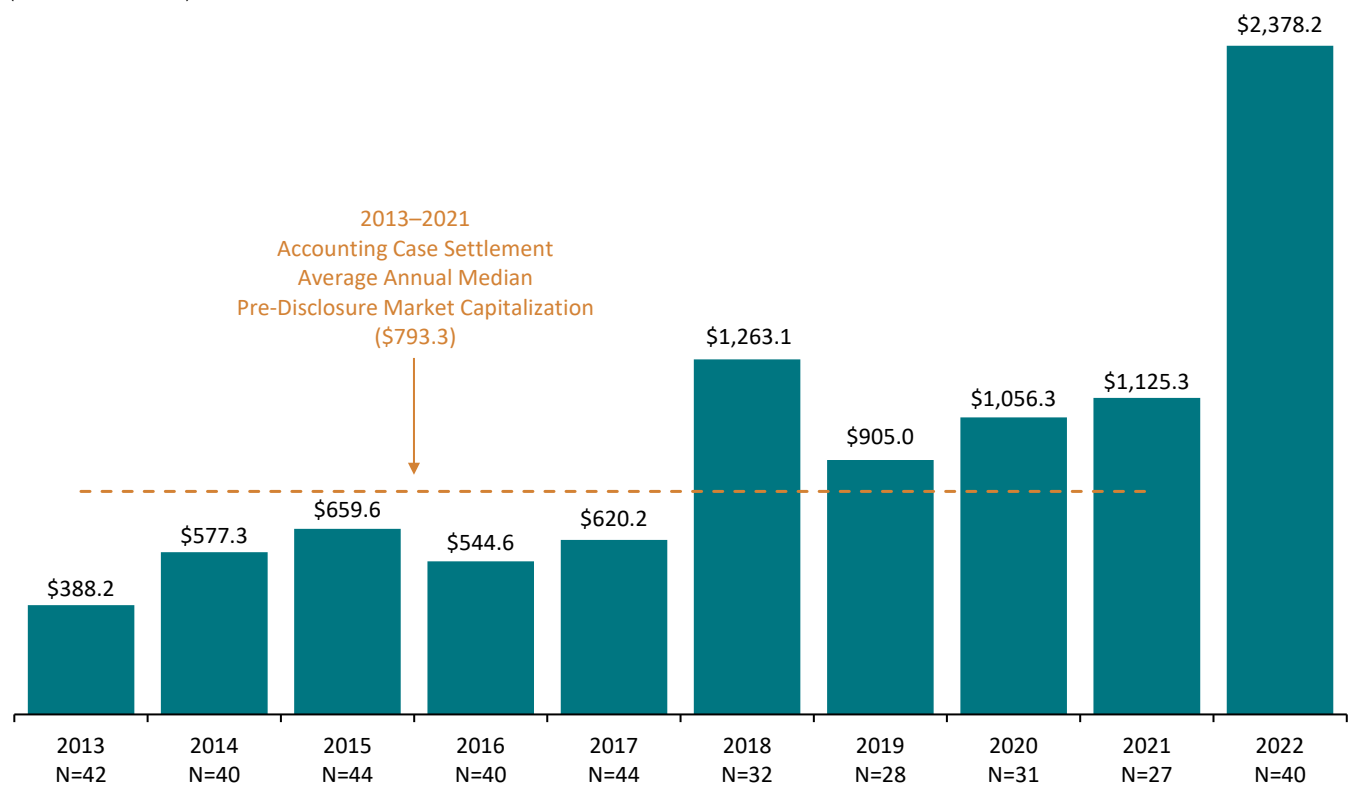
Accounting Case Settlements by Firm Size

- The median pre-disclosure market capitalization of issuer defendants in 2022 accounting case settlements was nearly three times the average annual median for 2013–2021 and more than 85% greater than any single year in the prior nine years.
- As measured by total assets, issuer defendant size for 2022 accounting case settlements also increased dramatically.⁴ Specifically, median total assets of issuer defendants in accounting case settlements in 2022 increased by 70% over 2021.
- Issuer defendants in settled accounting cases in 2022 were also unusually large in comparison to settlements not involving accounting allegations. For example, median assets for issuer defendants in accounting case settlements in 2022 were \$4.5 billion compared to only \$1.6 billion for non-accounting cases.
- Public pension plans tend to serve as lead plaintiffs more frequently in cases involving larger firms. Consistent with this, public pensions served as lead plaintiffs in 44% of accounting case settlements in 2022, compared to only 32% of non-accounting case settlements.
- For accounting case settlements in 2022, median assets for issuer defendants were over 5.5 times larger in cases in which a public pension plan served as lead plaintiff.

The median pre-disclosure market capitalization of issuer defendants in accounting cases settled in 2022 increased by over 110% from the prior year.

Figure 11: Accounting Case Settlements and Median Pre-Disclosure Market Capitalization of Issuer Defendants 2013–2022

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Industry

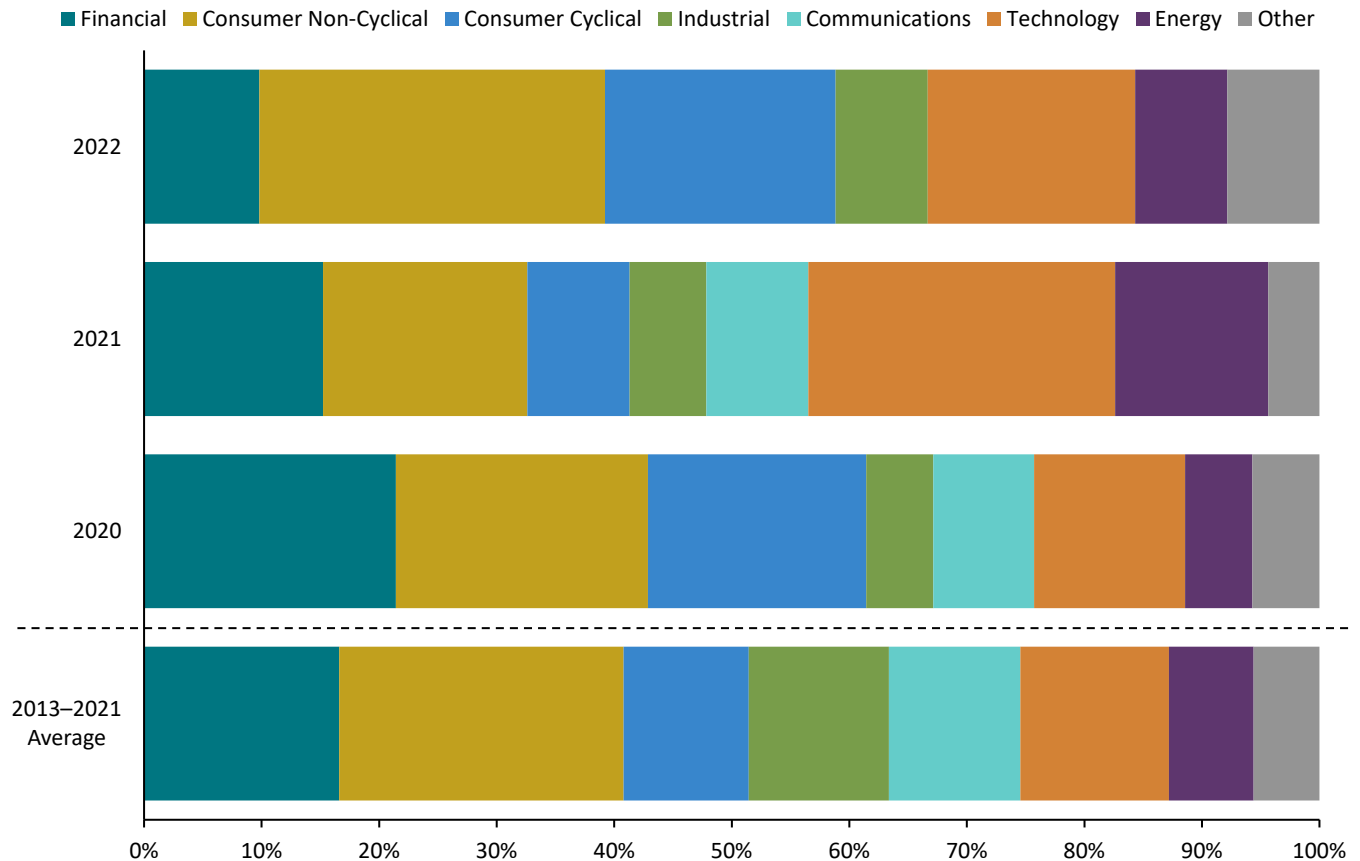
Accounting Case Filings by Industry

- Accounting case filings in the Consumer Non-Cyclical and Consumer Cyclical sectors combined made up almost 50% of total accounting case filings in 2022.
- For the first time in the last 10 years, there were no accounting case filings in the Communications sector.
- The sectors that comprised the largest percentages of DDL in 2022 were Technology and Consumer Non-Cyclical, together accounting for 79% of total accounting case filing DDL in 2022.
- The DDL for accounting case filings in the Consumer Non-Cyclical sector more than tripled in 2022 compared to 2021.

Accounting case filings in the Financial sector in 2022 dropped to their lowest level in the last 10 years.

- Accounting case filings in the Technology sector in 2022 made up only 18% of total accounting case filings, but 52% of total DDL.

Figure 12: Percentage of the Total Number of Accounting Case Filings by Industry



Note: Industries that comprise “Other” are Basic Materials and Utilities.

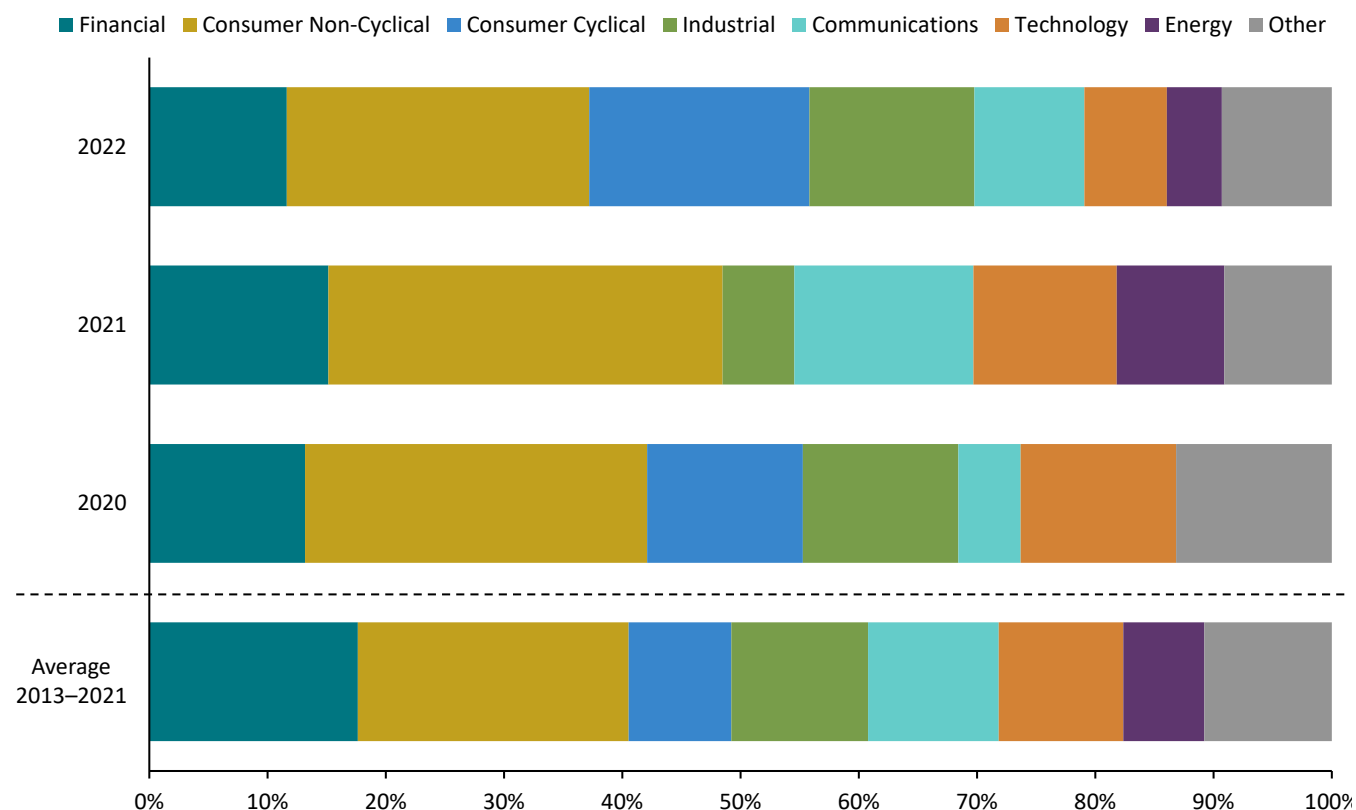
Accounting Case Settlements by Industry

- The Consumer Cyclical sector accounted for the largest percentage of the total value of accounting case settlements in 2022 (26%).
- While the Technology sector accounted for only 7% of the volume of accounting case settlements in 2022, it accounted for 13% of the total value of such settlements.
- The number of settlements in the Industrial sector more than doubled in 2022 compared to the prior year, and the median settlement amount for this sector increased from \$10.1 million to \$24.4 million. This was the second-largest median settlement amount in 2022 following the Energy sector.

The percentage of accounting case settlements involving the Consumer Cyclical sector rebounded from 0% in 2021 to almost 20% in 2022.

- The increase in median pre-disclosure market capitalization of issuer defendants in accounting cases settled in 2022 was largely driven by the Industrial and Technology sectors, which had median pre-disclosure market capitalizations of \$7.6 billion and \$6.8 billion, respectively.
- The three mega accounting case settlements were spread among the Industrial, Technology, and Consumer Cyclical sectors.

Figure 13: Percentage of the Total Number of Accounting Case Settlements by Industry



Note: Industries that comprise “Other” are Basic Materials, Diversified, and Utilities.

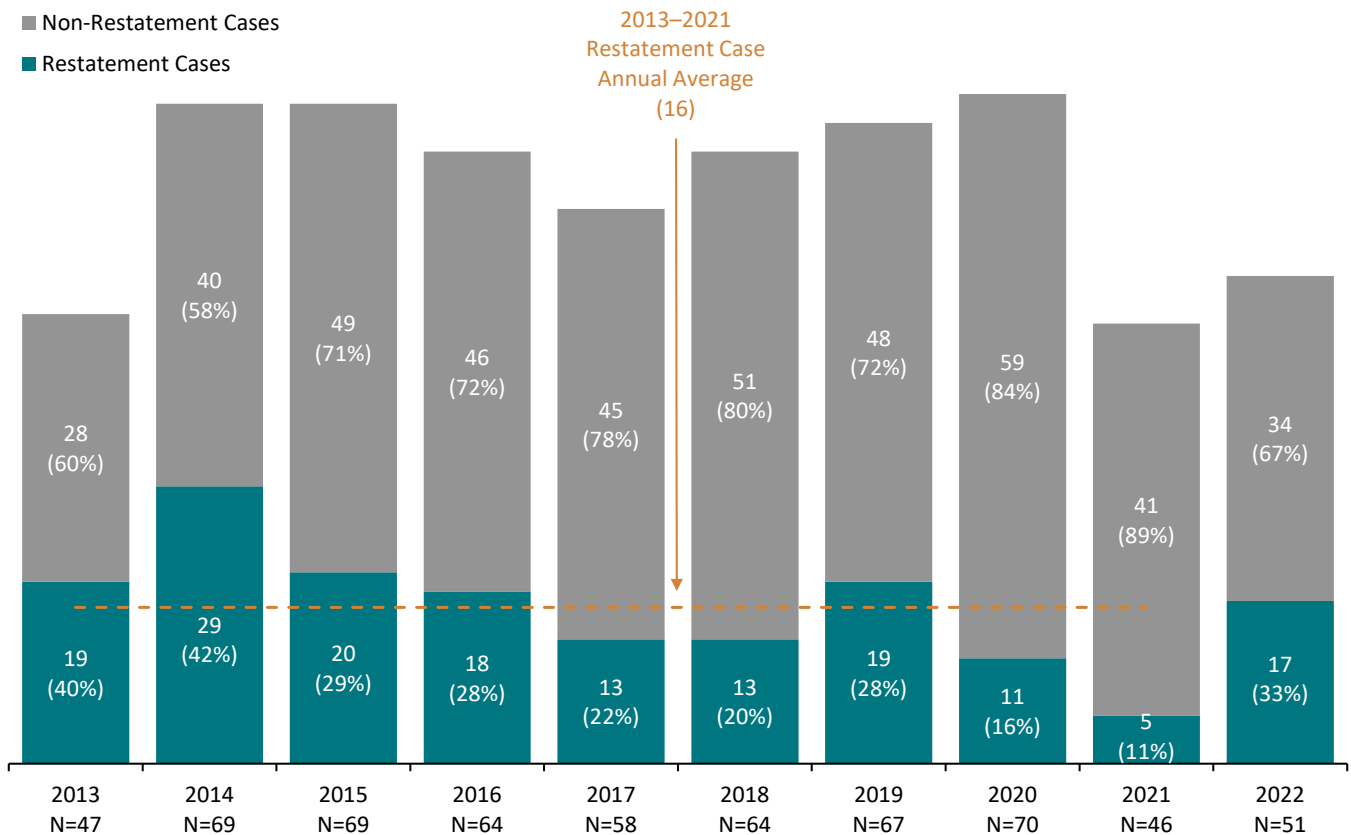
Restatements

Accounting Case Filings Involving Restatements

- While the number of accounting case filings in 2022 involving restatements returned to pre-2021 levels, the DDL for these case filings was at its third-lowest level in the last 10 years, reaching only approximately 25% of the 2013–2021 average.
- The percentage of accounting case filings involving restatements (33%) was the largest since 2014.
- In 2022, 82% of the accounting case filings involving a restatement also included allegations of internal control weaknesses.

Accounting case filings involving financial statement restatements more than tripled in 2022, returning to pre-2021 levels.

Figure 14: Accounting Case Filings Involving Restatements 2013–2022

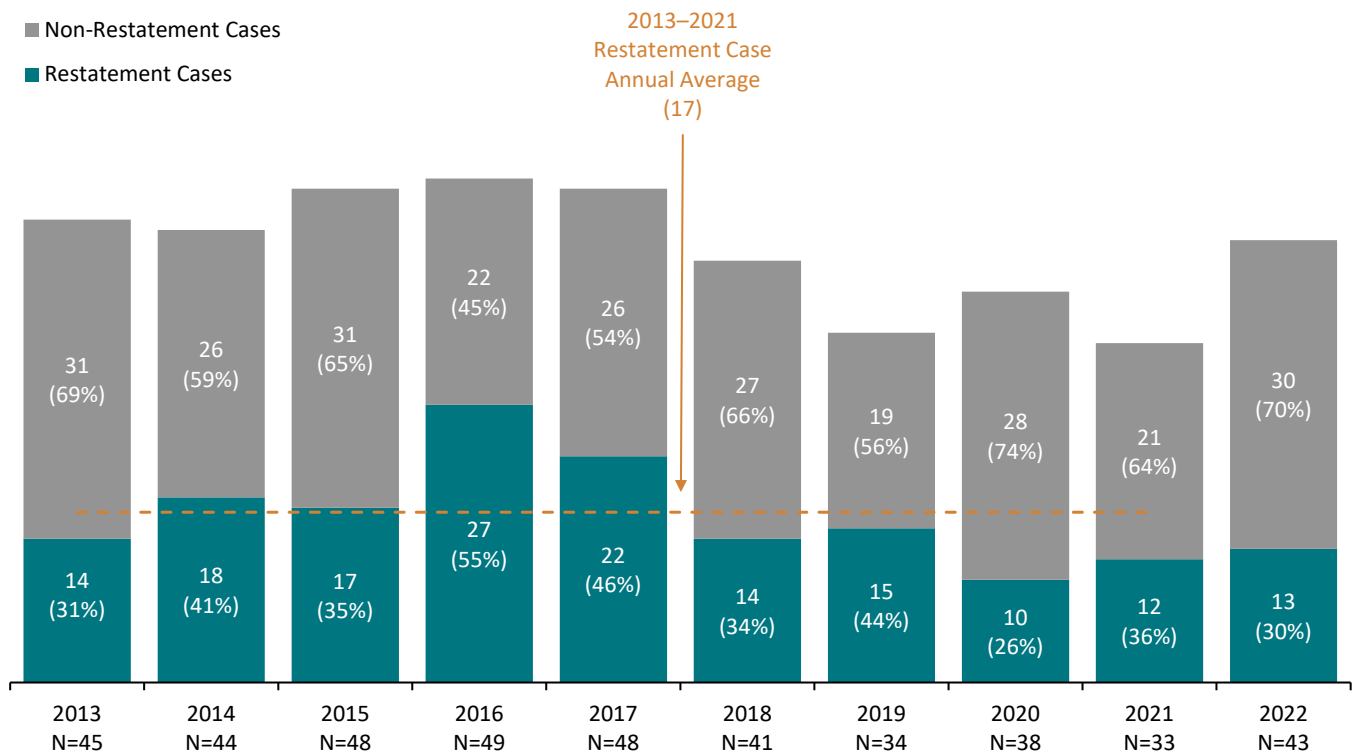


Accounting Case Settlements Involving Restatements

- Despite having increased in the last two years, the number of restatement cases in 2022 remained below the 2013–2021 average.
- Only three settlements in 2022 involved auditors named as defendants. All three such cases involved a financial statement restatement; none involved an accounting irregularity.⁵
- Almost all 2022 securities class action settlements that involved accompanying Securities and Exchange Commission (SEC) actions (eight of the nine cases in total) included accounting allegations, and four involved a financial statement restatement.

For the second year in a row, the number of settled accounting cases that involved a financial statement restatement increased.

Figure 15: Accounting Case Settlements Involving Restatements 2013–2022



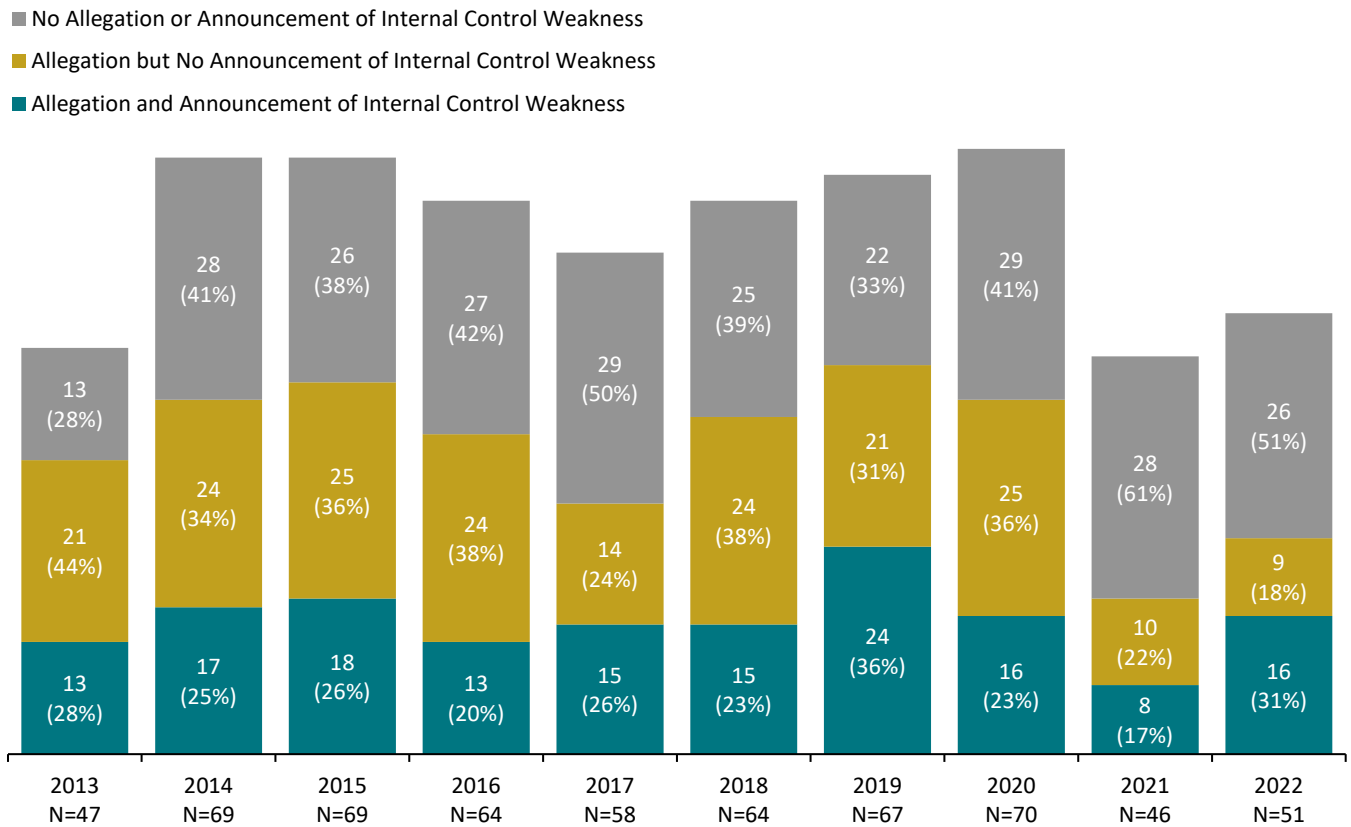
Internal Control Weaknesses

Accounting Case Filings Involving Allegations of Internal Control Weaknesses

- For the second consecutive year, less than half of accounting case filings contained allegations of internal control weaknesses.
- The number of accounting case filings in 2022 containing allegations of internal control weaknesses increased by 39% compared to 2021, but was at the second-lowest level in the last 10 years.
- The number of accounting case filings containing an allegation and announcement of internal control weaknesses doubled in 2022 compared to 2021.
- Accounting case filings in 2022 containing allegations of internal control weaknesses involved the smallest defendant firms, as measured by pre-disclosure market capitalization, since 2015.

While nearly half of the accounting case filings in 2022 contained an allegation of internal control weaknesses, the DDL of these cases comprised only 12% of total accounting case DDL in 2022.

Figure 16: Accounting Case Filings Involving Allegations of Internal Control Weaknesses 2013–2022

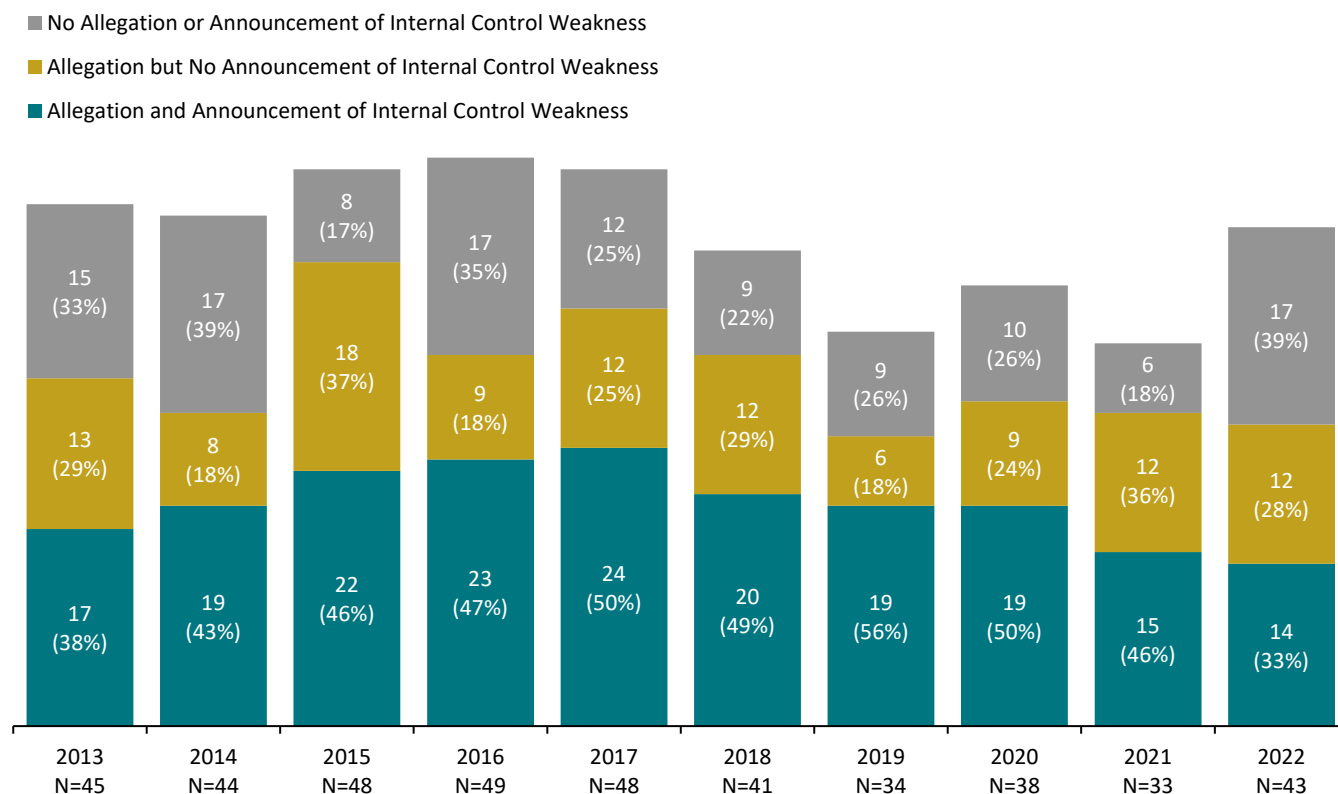


Accounting Case Settlements Involving Allegations of Internal Control Weaknesses

- Although the proportion of accounting case settlements involving allegations of internal control weaknesses declined, the number of settlements including these allegations was roughly in line with the prior year.
- Compared to 2021, the decline in the proportion of accounting case settlements involving internal control weakness allegations in 2022 occurred both in cases with an accompanying issuer defendant announcement of a weakness, as well as cases without such an announcement.
- In 2022, of the cases alleging internal control weaknesses without an accompanying company announcement of a weakness, 42% did not include allegations of GAAP violations.
- While allegations of internal control weaknesses are relatively common, they are not associated with higher settlement amounts when compared to other cases overall. This finding is based on a regression analysis that accounts for several factors affecting settlements.⁶

As a proportion of all accounting case settlements, cases alleging internal control weaknesses declined to the lowest percentage in 10 years.

Figure 17: Accounting Case Settlements Involving Allegations of Internal Control Weaknesses 2013–2022



Factors Affecting Settlements of Cases Involving GAAP Allegations

Median “Simplified Tiered Damages”

This section takes a closer look at Rule 10b-5 settlement amounts across two major categories of GAAP allegations—write-downs and restatements⁷—and examines settlements across these categories in relation to a simplified proxy for potential shareholder losses. This relationship is important to consider because a proxy for damages is the single most important determinant of settlement amounts.⁸

The proxy used in this report is referred to as “simplified tiered damages” and bases per-share inflation estimates on the value of a defendant’s stock price movements for the dates detailed in the plan of allocation per the settlement notice.⁹ This measure is further described in [Securities Class Action Settlements—2022 Review and Analysis](#).

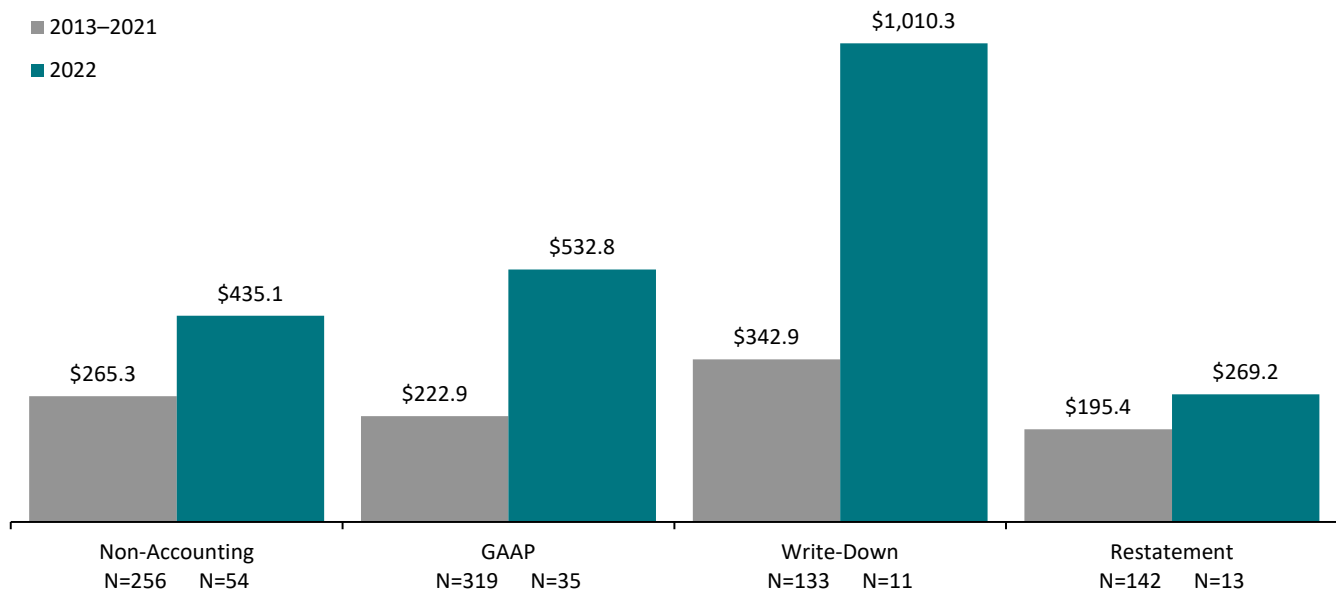
- Median “simplified tiered damages” increased for both accounting and non-accounting case settlements in 2022, compared to the 2013–2021 period.
- Consistent with 2021 settled cases, in 2022, “simplified tiered damages” were dramatically higher for cases involving write-downs compared to other types of accounting cases.

- While settled cases involving restatements were smaller in 2022 in terms of median “simplified tiered damages,” compared to cases involving write-downs, they involved issuer defendants with larger total assets.
- Larger cases (i.e., cases involving higher “simplified tiered damages”), as well as cases involving larger issuer defendants, tend to take longer to settle. Accordingly, both of these factors likely contributed to an overall 14% increase in the average time to settle for accounting case settlements in 2022 compared to 2021.

Median “simplified tiered damages” in 2022 were higher for settlements involving GAAP allegations, compared to non-accounting case settlements.

Figure 18: Median “Simplified Tiered Damages” for Settled Cases by Case Type

(Dollars in millions)



Note: “Simplified tiered damages” are adjusted for inflation based on class period end dates; 2022 dollar-equivalent figures are presented.

Median Settlement Amounts

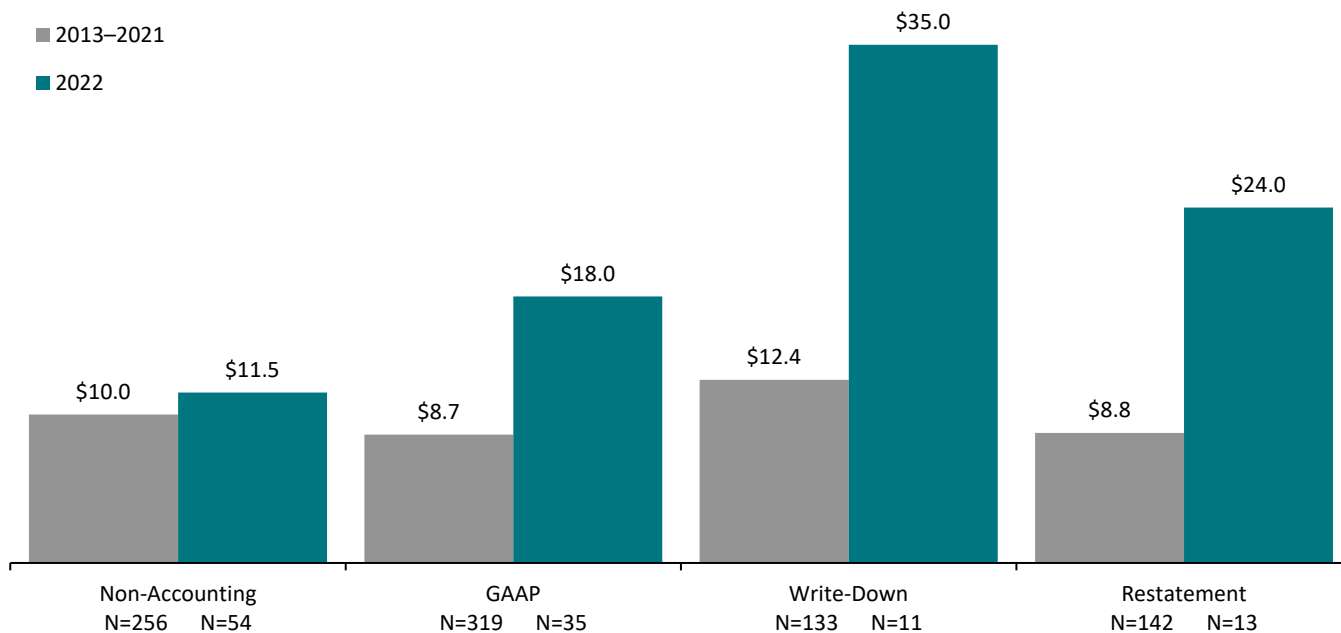
- Consistent with the increase in “simplified tiered damages,” median settlement amounts increased substantially in 2022 for all types of GAAP cases compared to 2013–2021 and considerably exceeded the increase for non-accounting cases.
- The median settlement amount in 2022 for cases involving write-downs increased for the third consecutive year and was the highest since 2012.
- For the first time since 2016, settled accounting cases involving write-downs but not restatements were less likely to include insider trading allegations compared to settled cases involving restatements only (33% and 55%, respectively).

The median settlement amount for cases involving GAAP allegations was the largest in the decade and more than double the 2021 median.

- Class periods were more than twice as long for settled accounting cases involving restatements but no write-downs in 2022 than for cases involving only write-downs (median of 4.4 versus 1.9 years, respectively).

Figure 19: Median Settlement Amounts by Case Type

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2022 dollar-equivalent figures are presented.

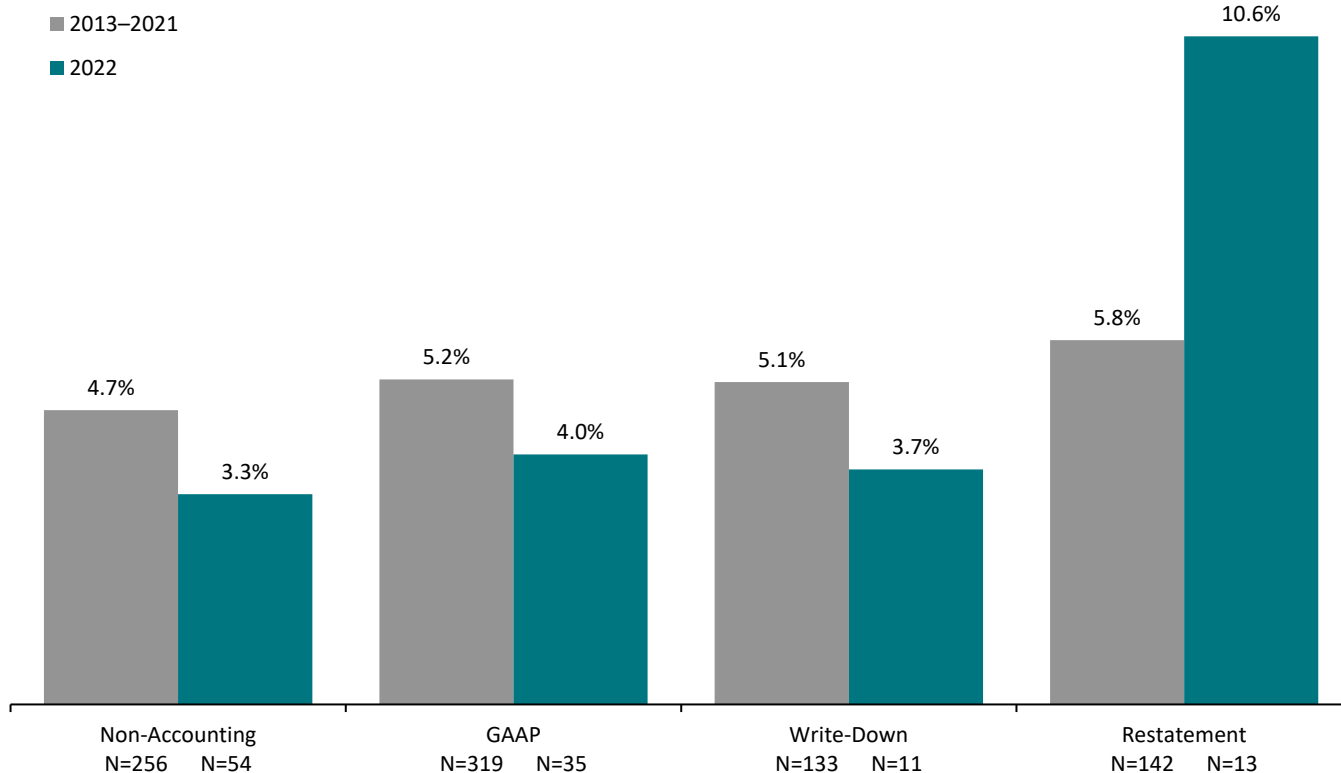
Median Settlements as a Percentage of “Simplified Tiered Damages”

- Since cases tend to settle for lower percentages of damages as damages increase, the lower median settlement as a percentage of “simplified tiered damages” for settled accounting cases involving GAAP allegations in 2022 was in part due to the notable increase in “simplified tiered damages,” compared to the 2013–2021 period.
- After a relatively low settlement amount as a percentage of “simplified tiered damages” in 2021, restatement cases settled for the highest proportion of “simplified tiered damages” in 2022, consistent with the prior nine-year period.

The median settlement as a percentage of “simplified tiered damages” was almost 20% higher for cases involving GAAP allegations in 2022 compared to non-accounting cases.

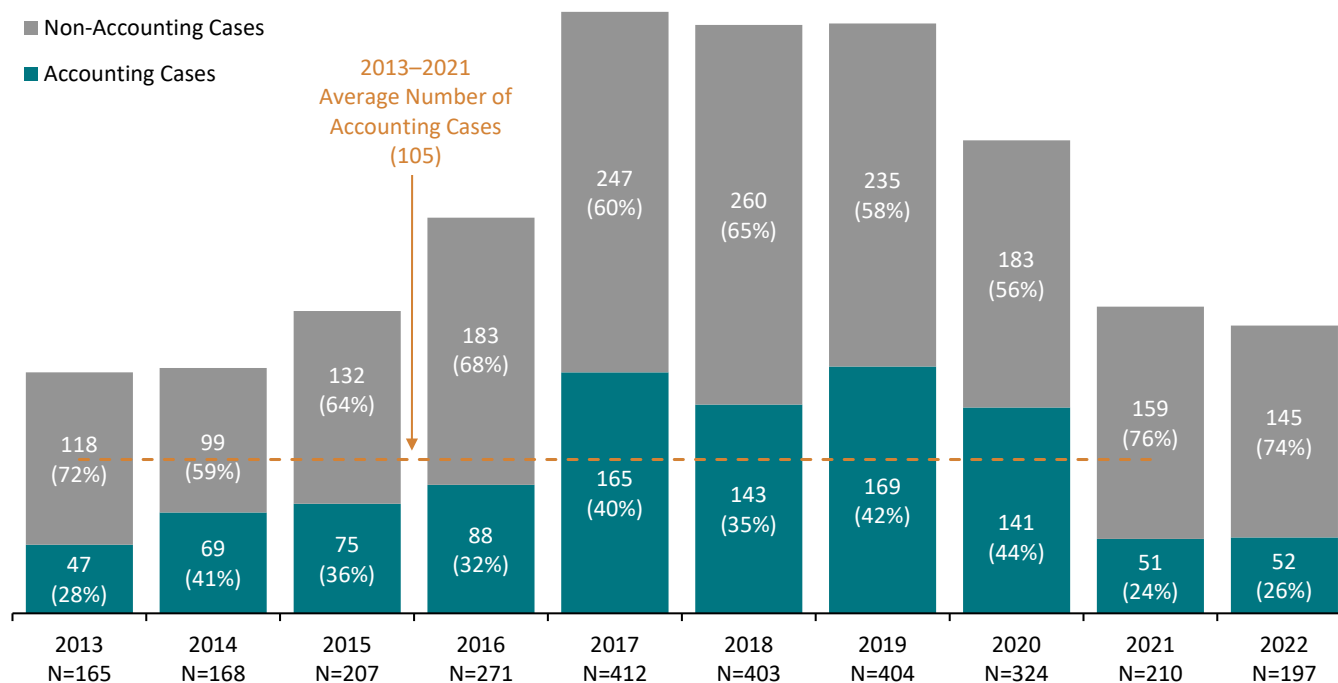
- Of the 13 settlements involving restatements in 2022, one involved related criminal allegations and seven involved accompanying derivative actions. Both of these factors are generally associated with higher settlements. See [Securities Class Action Settlements—2022 Review and Analysis](#) for further discussion.

Figure 20: Median Settlements as a Percentage of “Simplified Tiered Damages” by Case Type



Appendices

Appendix 1: Total Accounting Case Filings (Core and M&A) as a Percentage of Total Filings 2013–2022



Appendix 2: Accounting Case Filings and Exchange

(Dollars in millions)

	2013–2021		2021		2022	
	NYSE/Amex	NASDAQ	NYSE	NASDAQ	NYSE	NASDAQ
Total Filings	251	264	18	25	27	22
Annual Average Filings	28	29	-	-	-	-
Disclosure Dollar Losses (DDL)						
Total	\$251,471	\$193,842	\$10,931	\$20,766	\$24,349	\$6,799
Annual Average	\$27,941	\$21,538	-	-	-	-
Average across Cases	\$1,022	\$740	\$607	\$831	\$902	\$309
Median across Cases	\$226	\$121	\$176	\$212	\$158	\$164

Note:

- DDL dollars are adjusted for inflation; 2022 dollar-equivalent figures are presented.
- Average and median numbers are calculated only for filings with DDL data.
- This figure shows only accounting case filings against issuers listed on indicated exchanges.

Appendix 3: Accounting Case Filings by Industry

(Dollars in millions)

Industry	Class Action Filings				Disclosure Dollar Loss Index [®]			
	Average 2013–2021	2020	2021	2022	Annual Average 2013–2021	2020	2021	2022
Consumer Non-Cyclical	15	15	8	15	\$10,716	\$9,085	\$2,510	\$8,356
Consumer Cyclical	7	13	4	10	\$4,538	\$6,794	\$10,902	\$1,388
Technology	8	9	12	9	\$11,545	\$5,269	\$8,229	\$16,255
Financial	10	15	7	5	\$7,406	\$26,673	\$587	\$1,176
Industrial	7	4	3	4	\$7,732	\$15,553	\$1,636	\$865
Energy	4	4	6	4	\$3,390	\$4,816	\$7,369	\$1,778
Other	3	4	2	4	\$1,582	\$3,707	\$166	\$1,333
Communications	7	6	4	0	\$2,972	\$4,733	\$350	\$0

Note: Industries that comprise “Other” are Basic Materials and Utilities. Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Appendix 4: Accounting Case Filings by Circuit

(Dollars in millions)

Circuit	Class Action Filings				Disclosure Dollar Loss Index [®]			
	Average 2013–2021	2020	2021	2022	Annual Average 2013–2021	2020	2021	2022
First	1	0	0	1	\$4,893	\$0	\$0	\$743
Second	23	22	23	20	\$15,785	\$16,718	\$22,773	\$21,185
Third	6	8	3	5	\$5,576	\$7,280	\$84	\$1,359
Fourth	1	0	2	2	\$556	\$0	\$225	\$1,732
Fifth	4	4	2	3	\$2,748	\$3,337	\$3,961	\$380
Sixth	2	0	2	1	\$2,128	\$0	\$366	\$989
Seventh	3	3	0	2	\$5,097	\$6,610	\$0	\$1,249
Eighth	0	1	0	0	\$198	\$149	\$0	\$0
Ninth	17	27	12	10	\$11,355	\$39,209	\$4,270	\$3,413
Tenth	2	2	0	3	\$654	\$385	\$0	\$510
Eleventh	3	3	2	4	\$891	\$2,942	\$70	(\$409)

Note: Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Appendix 5: Accounting Case Settlements and Exchange

(Dollars in millions)

	2013–2021			2021			2022		
	NYSE/Amex	NASDAQ	Other	NYSE	NASDAQ	Other	NYSE	NASDAQ	Other
No. of Settlements	175	187	18	18	13	2	20	21	2
Average No. of Settlements	19	21	2	-	-	-	-	-	-
Settlement Amounts									
Total	\$19,121.5	\$4,638.0	\$251.3	\$636.0	\$178.6	\$2.2	\$559.3	\$768.1	\$37.8
Median	\$17.2	\$5.4	\$2.2	\$17.6	\$5.4	\$1.1	\$18.5	\$13.5	\$18.9
Average	\$109.3	\$24.8	\$14.0	\$35.3	\$13.7	\$1.1	\$28.0	\$36.6	\$18.9

Note: Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Appendix 6: Accounting Case Settlements by Industry

(Dollars in millions)

Industry	Number of Settlements				Median Settlement Amounts			
	Average 2013–2021	2020	2021	2022	2013–2021	2020	2021	2022
Consumer Non-Cyclical	10	11	11	11	\$8.5	\$8.5	\$8.1	\$15.5
Industrial	5	5	2	6	\$6.2	\$3.7	\$10.1	\$24.4
Technology	4	5	4	3	\$9.3	\$17.3	\$14.7	\$5.0
Other	3	5	3	4	\$7.9	\$22.6	\$4.1	\$16.3
Consumer Cyclical	4	5	0	8	\$7.0	\$14.1	\$0.0	\$15.5
Financial	7	5	5	5	\$19.8	\$17.5	\$9.2	\$14.1
Communications	5	2	5	4	\$6.7	\$9.2	\$6.9	\$8.8
Energy	3	0	3	2	\$7.7	\$0	\$6.8	\$32.4

Note: Industries that comprise “Other” are Basic Materials, Diversified, and Utilities. Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Appendix 7: Accounting Case Settlements by Circuit

(Dollars in millions)

Circuit	Number of Settlements				Median Settlements Amounts			
	Average 2013–2021	2020	2021	2022	2013–2021	2020	2021	2022
First	1	0	0	0	\$9.8	\$0	\$0	\$0
Second	15	14	16	14	\$8.4	\$7.1	\$7.5	\$21.0
Third	3	5	4	6	\$11.0	\$17.3	\$13.4	\$14.9
Fourth	2	1	1	0	\$24.7	\$217.7	\$27.0	\$0
Fifth	3	3	3	3	\$8.6	\$8.5	\$6.8	\$19
Sixth	2	2	0	2	\$8.6	\$11.4	\$0	\$35.5
Seventh	2	2	2	2	\$14.7	\$8.9	\$23.2	\$13.0
Eighth	1	1	0	1	\$11.3	\$8.5	\$0	\$45
Ninth	10	6	5	14	\$6.9	\$22.5	\$15.0	\$11.4
Tenth	1	0	0	0	\$5.6	\$0	\$0	\$0
Eleventh	2	1	1	1	\$10.0	\$168.5	\$1.1	\$15.8
DC	0	1	0	0	\$100.4	\$8.5	\$0	\$0
State	1	2	1	0	\$9.0	\$9.6	\$5.7	\$0

Note: Dollar values are adjusted for inflation; 2022 dollar-equivalent figures are presented.

Research Sample

This report utilizes the Stanford Law School Securities Class Action Clearinghouse federal securities class action filings database described in Cornerstone Research’s *Securities Class Action Filings—2022 Year in Review*, which is based on data as of January 11, 2023, and the securities class action settlements database described in Cornerstone Research’s *Securities Class Action Settlements—2022 Review and Analysis*.

Endnotes

- ¹ Securities class actions are considered “accounting cases” or “accounting case filings” if they involve allegations related to U.S. Generally Accepted Accounting Principles (GAAP) violations or violations of other reporting standards (collectively, “GAAP allegations”), auditing violations, or weaknesses in internal controls over financial reporting. In some cases, plaintiff(s) may not have expressly referenced GAAP or other reporting standards; however, the allegations, if true, would represent violations of GAAP or other reporting standards.
- ² “Pre-disclosure market capitalization” refers to the defendant firm’s market capitalization on the trading day immediately preceding the end of the class period.
- ³ Merger and acquisition (M&A) filings—securities class actions that have Section 14 claims, but no Rule 10b-5, Section 11, or Section 12(a) claims, and involve M&A transactions—are included in Appendix 1.
- ⁴ Issuer’s most recently reported total assets prior to the settlement hearing date.
- ⁵ Cases involving accounting irregularities are those in which the defendant has reported the occurrence of accounting irregularities (intentional misstatements or omissions) in its financial statements.
- ⁶ See *Securities Class Action Settlements—2022 Review and Analysis*, Cornerstone Research (2023), for further discussion of regression analysis used to study the determinants of settlement amounts.
- ⁷ Within cases involving GAAP allegations, write-down cases are those with allegations involving an asset write-down or reserve increase, and restatement cases are those involving a restatement (or announcement of a restatement) of financial statements.
- ⁸ See *Securities Class Action Settlements—2022 Review and Analysis*, Cornerstone Research (2023), for further discussion.
- ⁹ See *Securities Class Action Settlements—2022 Review and Analysis*, Cornerstone Research (2023), p. 5 (“Simplified tiered damages’ uses simplifying assumptions to estimate per-share damages and trading behavior for cases involving Rule 10b-5 claims. It provides a measure of potential shareholder losses that allows for consistency across a large volume of cases, thus enabling the identification and analysis of potential trends. . . . However, this measure is not intended to represent actual economic losses borne by shareholders.”).

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