



# Securities Litigation Flash<sup>SM</sup>

## Quarterly Update

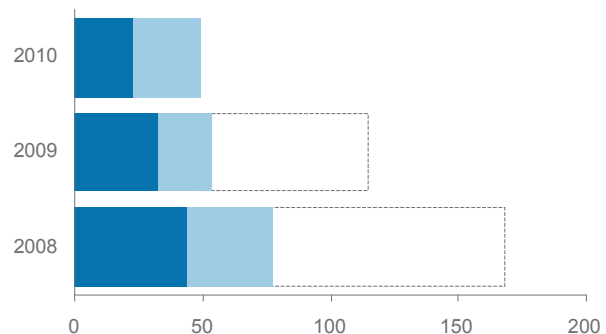
CRA Charles River Associates

April 1 – June 30, 2010

### Key highlights

- Q2 2010 filings are up 25% versus Q2 2009 but down 24% versus Q2 2008
- Year-to-date 2010 filings are down 9% versus 2009 and 38% versus 2008
- Q2 2010 filings are concentrated in the financial services (five cases) and oil and gas sectors (four cases)
- Industrial accidents were responsible for four Q2 2010 filings

Filing trends – End of Q2 2010



**Filing trends.** Q2 2010 marked an increase in filings from a year ago but the number of new cases remains below the Q2 2008 level. Filings during Q2 2010 totaled 25, an increase of 25% from the 20 cases filed during Q2 2009 but a decline of 24% from the 33 cases filed during Q2 2008. Roughly one quarter of all filings during Q2 2010 were in the Southern District of New York while no other federal district was home to more than one new case.

**Subject companies.** Q2 2010 filings cover a wide range of industries but are primarily concentrated in the financial services (five cases) and oil and gas sectors (four cases). The five cases against financial services firms (BancorpSouth, First Regional Bancorp, Frontier Financial, Goldman Sachs Group, and TierOne) involve issues related to the credit crisis, indicating that such filings have not yet abated. Three of the four cases in the oil and gas sector (Anadarko Petroleum, BP, China North East Petroleum, and Transocean) are related to the Gulf Coast oil spill. Similarly, Massey Energy was sued by investors as a result of the explosion at its Upper Big Branch mine.

**Complaint allegations.** While most of the Q2 2010 filings were in response to recently disclosed events, seven cases (CommScope, Diebold, Heckmann, Las Vegas Sands, LG Display, Pfizer, and Wyeth) have class periods that end more than one year ago. Interestingly, the three highest class period declines in market value for Q2 2010 filings (Pfizer, Las Vegas Sands, and Wyeth) occur in this group, each exceeding \$25 billion. Such a pattern possibly suggests that plaintiffs' counsel are applying a materiality screen to a backlog of older potential matters that may have been pushed aside as a result of credit crisis litigation. Ten Q2 2010 filings question some aspect of companies' accounting but an auditor has been named as a defendant in only one of these cases (Diebold).

**Learn more.** CRA's case totals include filings from US courts on behalf of public company holders of common stock, preferred stock, or ADRs (Source: RiskMetrics). Filings in multiple jurisdictions involving the same subject company with identical or substantially similar class periods are counted as a single filing. Derivative actions and breach of fiduciary duty filings are not included. To learn more about the cases referenced in this report as well as other securities class actions tracked by CRA, visit CRA's Securities Litigation Flash website at [www.crai.com/theflash](http://www.crai.com/theflash).

## The authors

Christopher Noe, Vice President  
[cnoe@crai.com](mailto:cnoe@crai.com)

Maria Tripolski-Kimel, Senior Associate  
[mkimel@crai.com](mailto:mkimel@crai.com)

The conclusions set forth herein are based on independent research, and publicly available material. The views expressed herein do not purport to reflect or represent the views of Charles River Associates or any of the organizations with which the authors are affiliated. The authors and Charles River Associates accept no duty of care or liability of any kind whatsoever to any party, and no responsibility for damages, if any, suffered by any party as a result of decisions made, or not made, or actions taken, or not taken, based on this paper. If you have questions or require further information regarding this issue of *Securities Litigation Flash Quarterly Update*, please contact the contributor or editor at Charles River Associates. This material may be considered advertising. Detailed information about Charles River Associates, a registered trade name of CRA International, Inc., is available at <http://www.crai.com>.

Copyright 2010 Charles River Associates