



## RiskMetrics Group – Securities Class Action Services

### *Securities Class Action Trials in the Post-PSLRA Era*

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# Part I: Securities Class Action Trials Based on Post-Reform Act Conduct Resulting in a Verdict at Trial:

**Seven securities class action cases have been tried to a verdict since 1996, where the conduct at issue was alleged to have occurred after the PSLRA was enacted:**

- *In re Health Management Sec. Litig.* (BDO Seidman, LLP) (E.D.N.Y. 1999) - Defendant BDO reportedly received a defense verdict in a class action seeking \$37 million for BDO's alleged participation in accounting fraud and failure to uncover accounting abuses.
- *In Re Real Estate Associates Limited Partnerships* (C.D. Cal. 2002) - Reportedly tried to a \$184 million jury verdict in the U.S. District Court for the Central District of California.
- *In re Clarent Corp.* (N.D. Cal. 2005) - Bernstein Litowitz reportedly "obtained only the second securities fraud class action verdict in favor of investors since the 1995 passage of the PSLRA."
- *Miller v. Thane International* (C.D. Cal. 2005) - Defense verdict following a bench trial. Verdict overturned by 9th Circuit in 2007. Retrial resulted in another defense verdict.
- *In re JDS Uniphase Corp Sec. Litig.* (N.D. Cal. 2007) – Defense verdict following four weeks of trial.
- *In re Apollo Group Inc. Sec. Litig.* (D. Ariz. 2008) – \$280 million jury verdict for plaintiffs after two months of trial. Verdict overturned by judge, post-trial.
- *Jaffe v. Household Intl.* (N.D. Ill. 2009) – In a bifurcated trial, finding of liability for plaintiffs after several weeks of trial. Damages phase to start next.

# Part II: Securities Class Action Trials Based on Post-PSLRA Conduct Resulting in a Settlement or Summary or Default Judgment During Trial:

**Seven additional securities class action cases have been tried, since 1996 (but not to a verdict), where the conduct at issue was alleged to have occurred after the PSLRA was enacted:**

- *Equisure* (D. Minn. 1998) - Reportedly a \$45.3 million default judgment against Equisure, which failed to show up for the trial.
- *Cypress Funds* (S.D. Fla. 2003) - Reported \$5 million settlement by First Union after two days of trial.
- *AT&T Securities Litigation* (D. N.J. 2004) - Settled after three weeks of trial for \$100 million.
- *Safety-Kleen* (D. S.C. 2005) - Settlement with PricewaterhouseCoopers after jury selection (but before opening arguments); Settlement with the director defendants after several weeks of trial (before closing arguments); and \$200 million judgment as a matter of law against two officers (the former CEO and CFO) who did not show up for trial.
- *WorldCom* (S.D.N.Y. 2005) - \$65 million settlement with Arthur Andersen after four weeks of trial.
- *Globalstar* (S.D.N.Y. 2005) - Settlement during trial with individual defendant for \$20 Million.
- *Heartland High-Yield/Short Duration High Yield Municipal Bond Funds* (E.D. Wis. 2005) - Settlement with PricewaterhouseCoopers after presentation of both cases in chief for \$8.25 million.

# Part III: Securities Class Action Trials Based on Pre-PSLRA Conduct Resulting in a Verdict at Trial:

**Seven securities class action cases have been tried, since 1996, where the conduct at issue was alleged to have occurred before the PSLRA was enacted:**

- *In Re ICN/Viratek Securities Litigation*, Case No. 87 Civ. 4296 (S.D.N.Y. 1996) – Trial reportedly resulted in a "hung jury" verdict after a six week trial; Case ultimately settled for \$14.5 million.
- *Tricord Systems, Inc.*, Case No. 94-00746 (D. Minn 1997) - Three week jury trial resulted in a defense verdict.
- *Vladimir v. U.S. Banknote Corp.*, No. 94 Civ. 0255 (S.D.N.Y. 1997) Multi-million dollar jury verdict, settled prior to entry of a judgment and ruling on the motions for summary judgment and for a new trial.
- *Howard v. Hui* (Everex I) Case No. 92-CV-3742 (N.D. Cal. 1998) – Directed verdict for defendant at the close of plaintiffs' case.
- *Lazar v. James* (Biogen) Case No. 94-CV-12177-PBS (D. Mass. 1998) – 1998 Trial resulted in verdict for defendants.
- *Howard v. Hui* (Everex II) Case No. 92-CV-3742 (N.D. Cal. 2002) – After the Ninth Circuit remanded the case for a new trial, the jury returned a defense verdict.
- *Claghorn v. Edasco Ltd.* (Scorpion Technologies) Case No. C-98-3039-SI (N.D. Cal. 2002) – Case was originally filed against Scorpion, certain Scorpion officers, and Grant Thornton, LLP, the company's auditor. Case settled against the other defendants, and settlement with Grant Thornton included an assignment of claims. Plaintiffs alleged that Edsaco had participated in a scheme to deceive Grant Thornton. After a two week trial, the jury returned a verdict against Edsaco, for \$5.78 million in compensatory damages and \$165 million in punitive damages. Case then settled for \$10 million.