



Securities Litigation FlashSM

Mid-Year Update

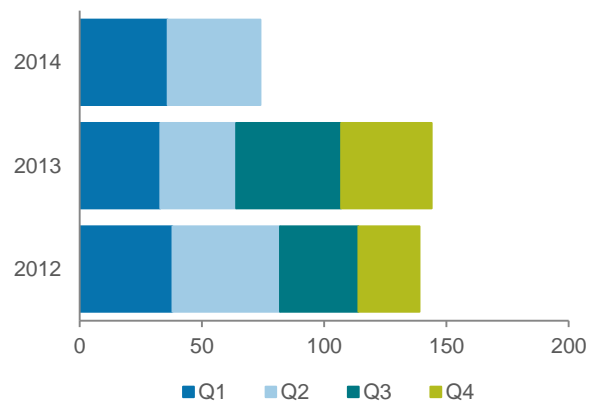
CRA Charles River Associates

January 1–June 30, 2014

Key highlights

- H1 2014 filings totaled 74, up 16% versus H1 2013, but down 8% versus H2 2013
- 36 cases were filed in Q1 2014 (up 9% versus Q1 2013) and 38 cases were filed in Q2 2014 (up 23% versus Q2 2013)
- H1 2014 filings are concentrated in pharmaceuticals/biotechnology (13 cases), technology (13 cases), industrials (10 cases), financial services (seven cases), and consumer services (six cases) sectors
- H1 2014 filings included eight cases with Section 11 claims. Investment bank underwriters were named as defendants in seven of these cases

Filing trends—As of June 30, 2014



Filing trends. Filings during the first half of 2014 (H1 2014) totaled 74, an increase of 16% from the 64 cases filed during H1 2013 and a decrease of 8% from the 80 cases filed during H2 2013. On a quarterly basis, 36 cases were filed in Q1 2014 (up 9% versus 33 cases in Q1 2013) and 38 cases were filed in Q2 2014 (up 23% versus 31 cases in Q2 2013). H1 2014 filings occurred in 23 states and Puerto Rico, with 46% of the filings in the states of New York (19 cases) and California (15 cases). 88% of the H1 2014 filings were against US-based companies (65 out of 74 cases), an increase from 83% in H1 2013 (53 out of 64 cases) and 76% in H2 2013 (61 out of 80 cases).

Subject companies. H1 2014 filings cover a wide range of industries but are primarily concentrated in the pharmaceuticals/biotechnology (13 cases), technology (13 cases), industrials (10 cases), financial services (seven cases), and consumer services (six cases) sectors. These five industries account for 66% of the total H1 2014 filings. Nine cases were filed against companies with headquarters outside the US, with six of those against China-based companies.

Complaint allegations. Of the 74 filings in H1 2014, 31 question some aspect of company's accounting. Auditors were named as defendants in two of the initial complaints (ChinaCast Education, Keyuan Petrochemicals). Eight H1 2014 filings include Section 11 claims. Investment bank underwriters were named as defendants in seven of these cases. Five of the filings with Section 11 claims are related to initial public offerings (IPO) of defendant companies (Coty, Covisint, Fairway Group Holdings, Global Geophysical Services, Ply Gem Holdings). The number of H1 2013 filings with Section 11 claims more than doubled versus H1 2013 (three cases) and remained in line with H2 2013 (seven cases).

Class period statistics. While most of the H1 2014 filings were in response to recently disclosed events, seven cases have class periods ending in 2012 or earlier. The length of the class period in H1 2014 filings ranges from two days (Intercept Pharmaceuticals) to four years (NII Holdings), with a median length of 11 months.

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, contact mkimel@crai.com.

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