CRA Insights
Securities Flash

CRA Charles River Associates

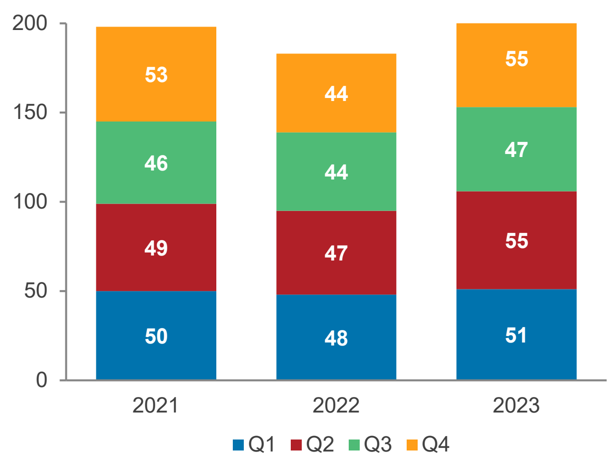
Section 10(b) and Section 11 Filings and Settlements
Q4 2023 Update

January 2024

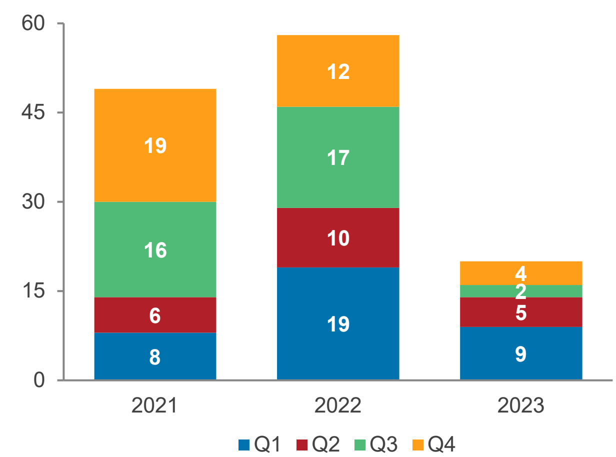
Filing trends

- Section 10(b) and Section 11 filings totaled 208 in 2023; 14% more than in 2022 and 5% more than in 2021.
- Filings in Q4 2023 totaled 55; 25% more than in Q4 2022 and 17% more than in Q3 2023.
- Only 20 filings had Section 11 claims in 2023, considerably less that in 2022 (58 filings) and 2021 (49 filings). A decrease in Section 11 filings follows the decline in the IPO market in 2023. Filings following IPOs declined from 40 filings in 2022 to 12 filings in 2023.

Section 10(b) and Section 11 filings



Section 11 filings



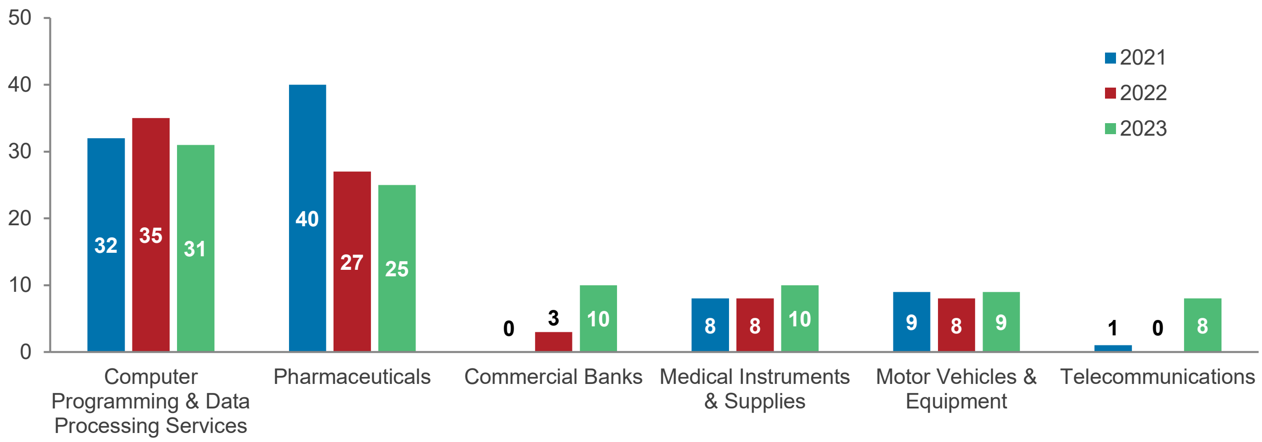
- 63% of the 2023 filings occurred in four states: CA (51), NY (48), NJ (23), and FL (10).
- 45% of the 2023 filings are concentrated in six industries.[1] Two industries with the largest number of filings are Computer Programming & Data Processing Services (15%) and Pharmaceuticals (12%). Compared to 2022, both industries experienced a decline in filings. Filings in Telecommunications and Commercial Banks increased the most.

[1] Industries reflect SIC Industry Groups defined by a three-digit SIC code. See https://www.osha.gov/data/sic-manual.

Industries with most filings in 2023

Industry	Filings	% of Total
Computer Programming & Data Processing Services	31	15%
Pharmaceuticals	25	12%
Commercial Banks	10	5%
Medical Instruments & Supplies	10	5%
Motor Vehicles & Equipment	9	4%
Telecommunications	8	4%

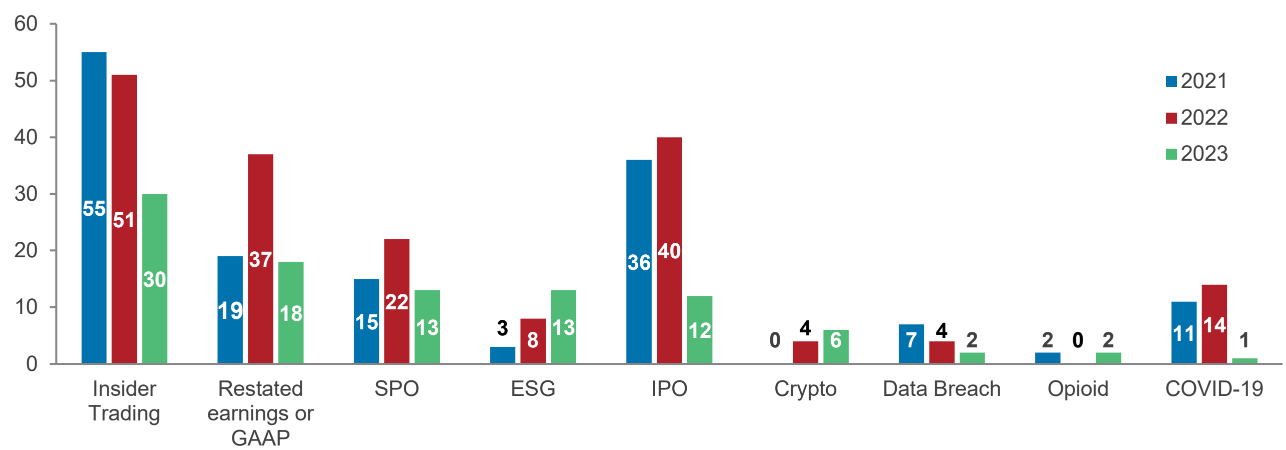
Industries with most filings in 2023 as compared to 2021 and 2022



Complaint allegations

- In 2023, 30 filings included insider trading allegations; GAAP issues or restated earnings ("RE") were mentioned in 18 filings; 13 filings related to a secondary public offering ("SPO") and 12 filings related to an initial public offering ("IPO"); 13 filings included environmental, social, and corporate governance ("ESG") allegations; 6 filings related to crypto; 2 filings each related to data breach and the opioid crisis; and 1 filing related to COVID-19.[2]

Complaint allegations

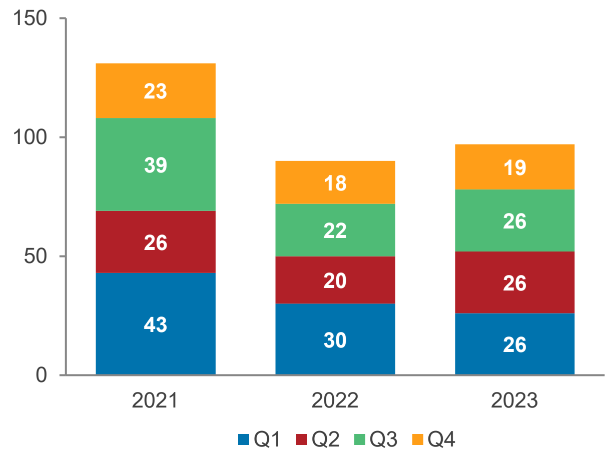


[2] A filing can include several types of allegations.

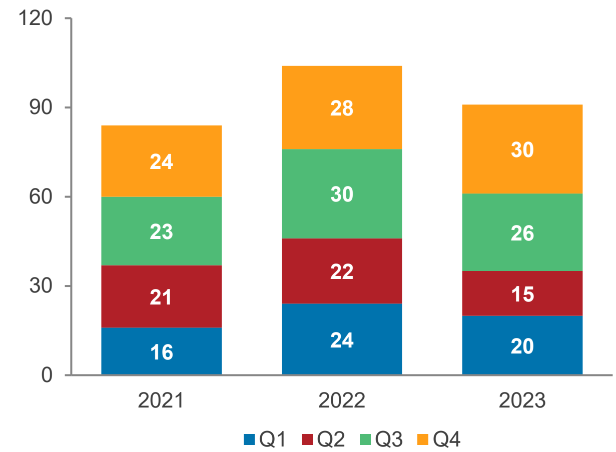
Dismissals and Settlements

- Among the cases filed in the past 10 years, 44% have been dismissed so far.[3] 97 of these cases were dismissed in 2023, up 8% from 2022 (90 dismissals) and down 26% from 2021 (131 dismissals).
- 31% of the cases filed in the past 10 years have been settled. 91 of these cases settled in 2023, down 13% from 2022 (104 cases) and up 8% from 2021 (84 cases).

Dismissed cases



Settled cases



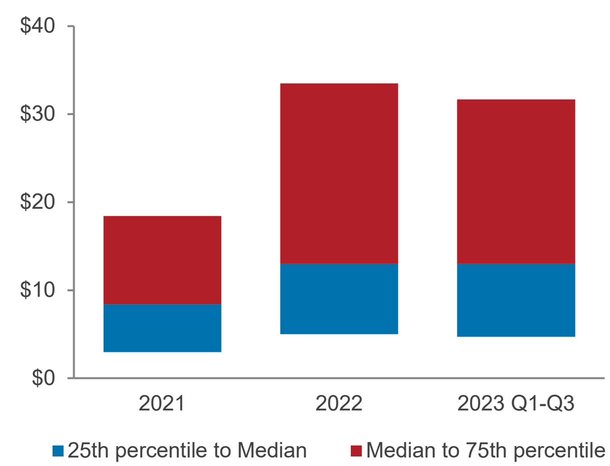
Settlement Amounts

- Among the cases filed in the past 10 years, the median settlement amount for the cases that settled in 2023 was $13 million, similar to the cases that settled in 2022 and up from $8 million for the cases that settled in 2021.
- The middle 50% of settlement amounts were between $5 million and $32 million in 2023, similar to 2022 ($5-$34 million).

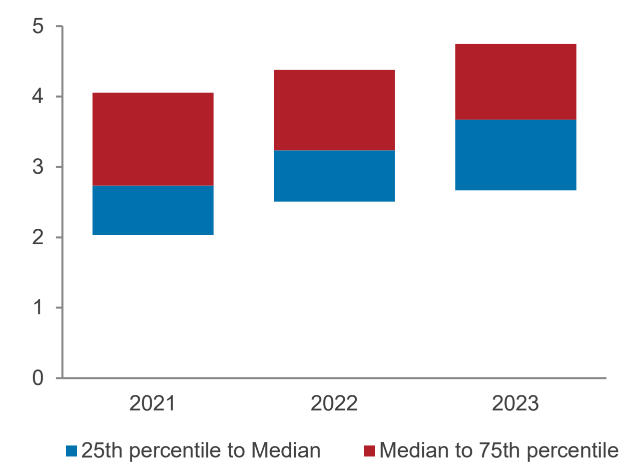
Time to Settlement

- Among the cases filed in the past 10 years, the median time to settlement has been on the rise. For the cases that settled in 2023, the median time to settlement was 3.7 years, a half a year longer than for the cases that settled in 2022 (3.2 years) and a year longer than for the cases that settled in 2021 (2.7 years).

Settlement amounts ($ millions), Middle 50%



Time to settlement (years), Middle 50%



Note: Filings from Q4 2013 to Q3 2023 with positive settlement amounts.

[3] Excludes tentative or/and partial dismissals.

About CRA's Finance Practice

CRA's Finance Practice provides advanced consulting services to corporate clients and attorneys. We specialize in applying the tools, principles, and findings of finance, economics, and accounting to complex litigation and business problems. Companies, law firms, and government agencies rely on CRA for high-quality research and analysis, expert testimony, and comprehensive support in litigation and regulatory proceedings. Our reputation is built on exceptional client service and our ability to present innovative and pragmatic solutions to complicated challenges. For additional information about how CRA's experts can help you with your litigation and regulatory needs, please visit: **www.crai.com**.

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