CRA Insights
Securities Flash

CRA Charles River Associates

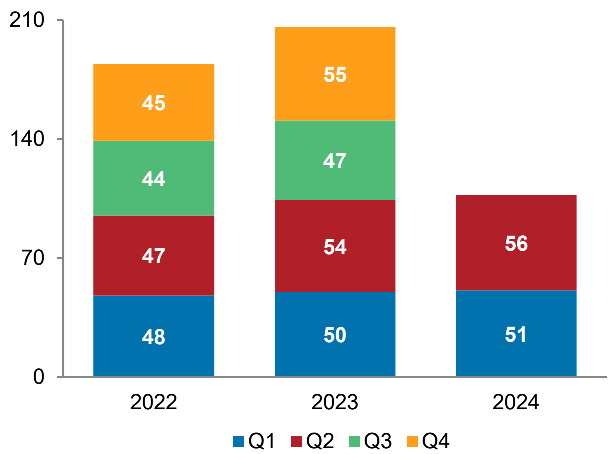
Section 10(b) and Section 11 Filings and Settlements
Q2 2024 Update

July 2024

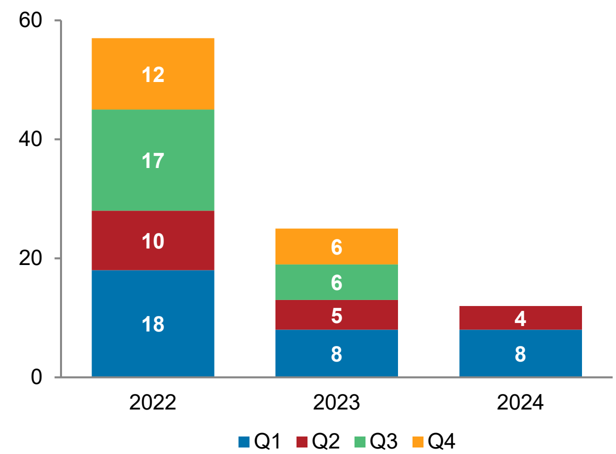
Filing trends

- Section 10(b) and Section 11 filings totaled 107 during the first half of 2024 (H1 2024), 3% more than in H1 2023 and 13% more than in H1 2022.[1]
- There were 56 filings during Q2 2024, 4% more than in Q2 2023 and 19% more than in Q2 2022.
- Only 12 filings had Section 11 claims in H1 2024, similar to H1 2023 (13 filings) and considerably less than in H1 2022 (28 filings). This decrease in Section 11 filings follows the decline in the IPO market, which started in 2022.[2]

Section 10(b) and Section 11 filings



Section 11 filings



- 58% of the H1 2024 filings occurred in California (36) and New York (26).
- Majority of the H1 2024 filings, 69%, are concentrated in the Manufacturing and Services industry sectors.[3] Technology industry accounted for 17% of the H1 2024 filings and Pharmaceuticals & Biotechnology industry accounted for 16% of the H1 2024 filings.[4]

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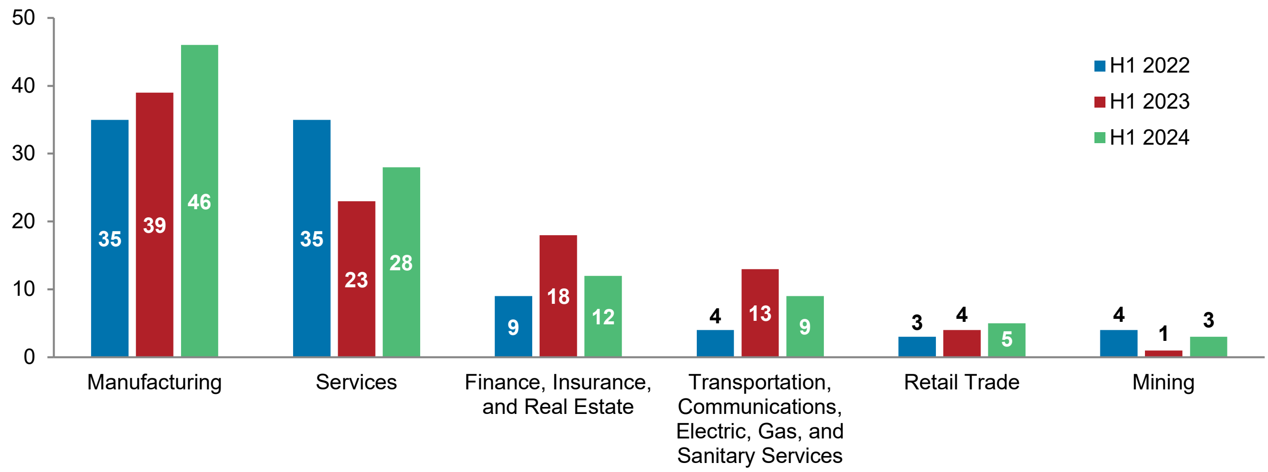
1 The analysis is based on the data provided by ISS SCAS RecoverMax platform as of July 1, 2024, which includes Section 10(b) and Section 11 filings in US District Courts. Because ISS SCAC updates its data, the filing counts may change from our previous publications.

2 See *CRA Insights*, "Initial public offerings and Section 11 claims," January 2024, available at https://www.crai.com/insights-events/publications/initial-public-offerings-and-section-11-claims/.

3 Industry sectors reflect SIC Divisions. See https://www.osha.gov/data/sic-manual.

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

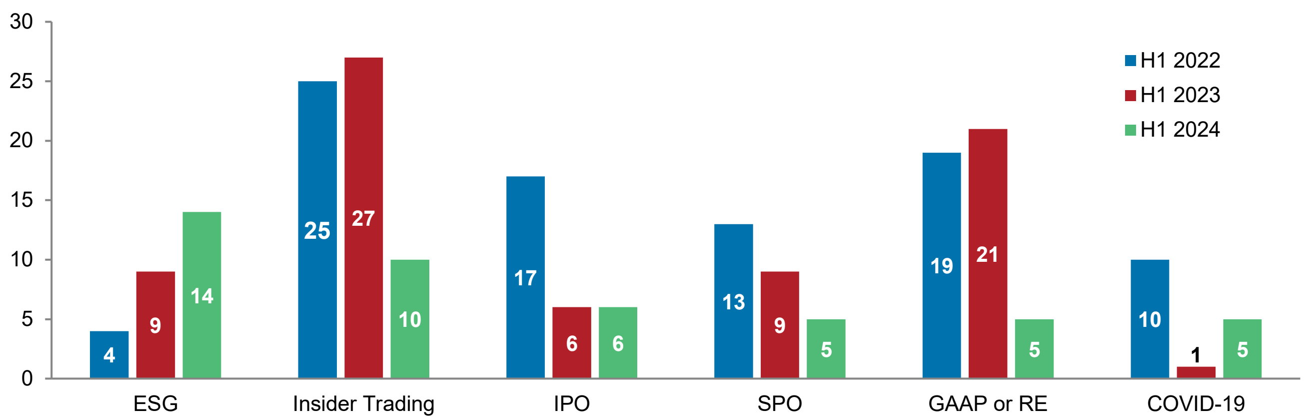
H1 2024 filings by industry sector as compared to 2022 and 2023



Complaint allegations

- In the first half of 2024, 14 filings included ESG allegations; 10 filings included insider trading allegations; 6 filings related to an initial public offering ("IPO"); 5 filings each related to a secondary public offering ("SPO"), GAAP issues or restated earnings, and COVID-19.[5]

Complaint allegations



Dismissals and settlements

- Among the cases filed in the past 10 years,[6] 45% of the cases have been dismissed so far.[7] 47 of these cases were dismissed in H1 2024.
- 29% of the cases filed in the past 10 years have been settled. 49 of these cases settled during H1 2024.[8]
- Out of the 49 cases that settled during H1 2024, 23 cases have reached the stage of class certification filing.

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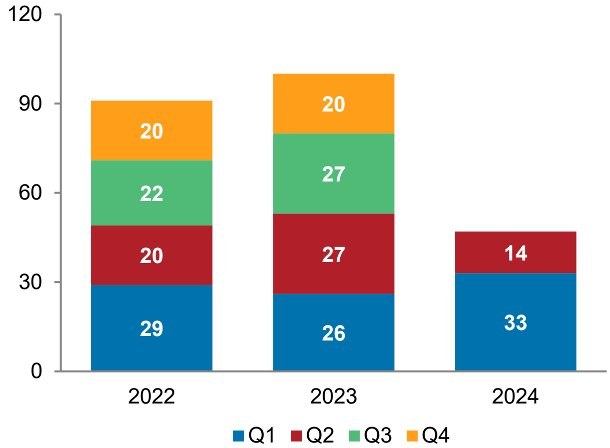
5 A filing can include several types of allegations.

6 The past 10 years refers to the period from July 1, 2014 to June 30, 2024.

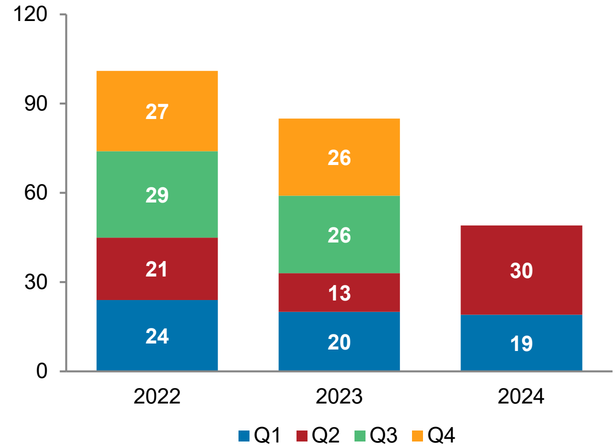
7 Excludes tentative or/and partial dismissals.

8 Based on final settlement date.

Dismissed cases

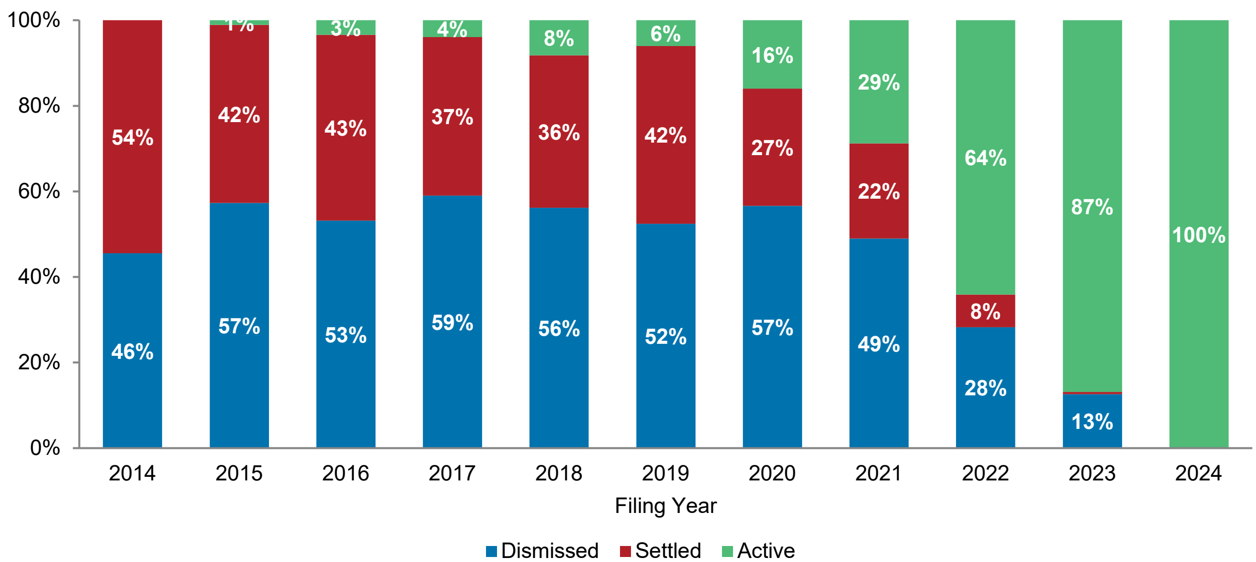


Settled cases



- Among the cases filed in the past 10 years, 26% of the cases remain active.[9] Class has been certified in 30 of these cases.

Status of the cases filed in the past 10 years



Note: Filings from Q3 2014 to Q2 2024.

Settlement amounts

- Among the cases filed in the past 10 years,[10] the median settlement amount for the cases that settled in H1 2024 was $9.0 million, down from $15.0 million for the cases that settled in 2023 and $13.0 million for the cases that settled in 2022.
- In H1 2024, the middle 50% of settlement amounts were between $3.5 million and $29.6 million, a decline from 2023 ($4.8-$34.5 million) and 2022 ($5.0-$35.0 million).
- The highest settlement amount during H1 2024 was $192.5 million. The highest settlement amount was $1.0 billion in 2023 and $809.5 million in 2022.
- In 91% of the cases that settled from 2022 to H1 2024, the settlement amount was below $80 million.

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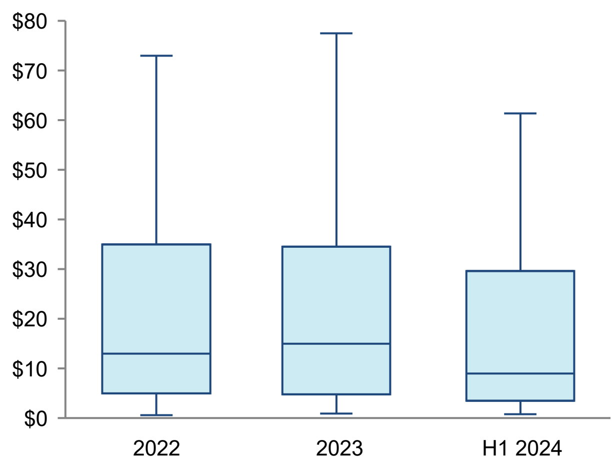
[9] Active cases include cases that reached the stage of class certification and cases with tentative or/and partial dismissals.

[10] The past 10 years refers to the period from July 1, 2014 to June 30, 2024.

Time to settlement

- Among the cases filed in the past 10 years, the median time to settlement for the cases settled in H1 2024 was 3.1 years, shorter than for the cases that settled in 2023 (3.7 years) and 2022 (3.2 years).
- The longest time to settlement for the cases settled in H1 2024 was 7.6 years, a decline from 2023 (8.1 years) and similar to 2022 (7.6 years).

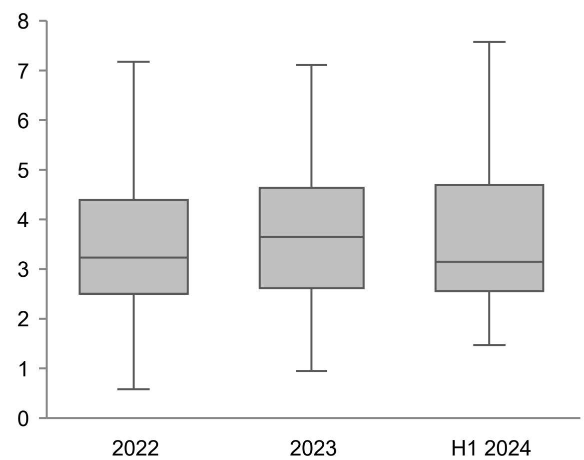
Settlement amounts ($ millions)
Distribution excluding outliers:



Range of values:

	2022	2023	H1 2024
Min	0.6	0.9	0.8
Max	809.5	1,000.0	192.5

Time to settlement (years)
Distribution excluding outliers:



Range of values:

	2022	2023	H1 2024
Min	0.6	1.0	1.5
Max	7.6	8.1	7.6

Note: Filings from Q3 2014 to Q2 2024 with positive settlement amounts. An observation 1.5 interquartile ranges away from the middle 50% of the observation is considered an outlier.

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**.

Contacts

Mukarram Attari
Co-Practice Leader of Finance
Oakland
+1-510-595-2711
mattari@crai.com

Aaron Dolgoff
Vice President
Boston
+1-617-425-3623
adolgoff@crai.com

Tiago Duarte-Silva
Vice President
Boston
+1-617-425-3128
tduarte@crai.com

Sam Lynch
Vice President
Boston
+1-617-425-3089
slynch@crai.com

Stephen O'Neil
Co-Practice Leader of Finance
Boston
+1-617-425-3052
soneil@crai.com