CRA Insights
Securities Flash

CRA Charles River Associates

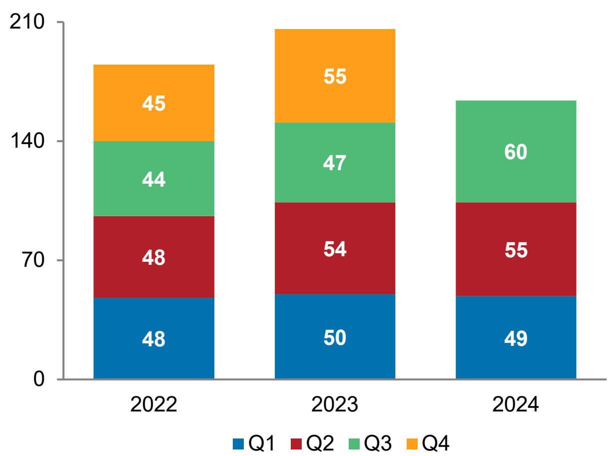
Section 10(b) and Section 11 Filings and Settlements
Q3 2024 Update

October 2024

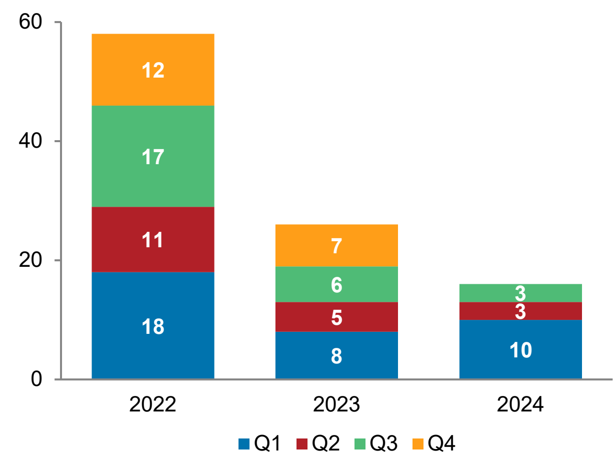
Filing trends

- Section 10(b) and Section 11 filings totaled 164 during the first three quarters of 2024, 9% more than in the same period in 2023 and 17% more than in the same period in 2022.[1]
- There were 60 filings during Q3 2024, 28% more than in Q3 2023 and 36% more than in Q3 2022.
- Only 16 filings had Section 11 claims in the first three quarters of 2024, less than in the same period of 2023 (19 filings) and considerably less than in the same period of 2022 (46 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



- 66% of the year-to-date filings occurred in California (46), New York (40), Massachusetts (12), and Texas (11).[3]

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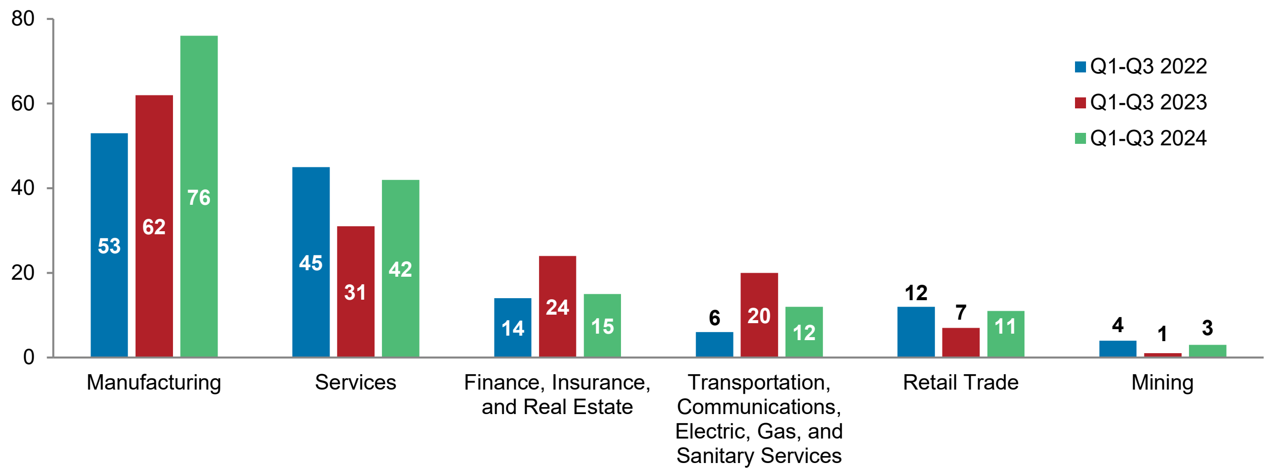
1 The analysis is based on the data provided by ISS SCAS RecoverMax platform as of October 2, 2024, which includes Section 10(b) and Section 11 filings in US District Courts. Because ISS SCAC updates its data, the filing counts may change from our previous publications.

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 Year to date refers to the first three quarters of 2024.

- The majority of the year-to-date filings, 72%, are concentrated in the Manufacturing and Services industry sectors.[4] The Technology industry accounted for 19% of the year-to-date filings and the Pharmaceuticals & Biotechnology industry accounted for 16% of the year-to-date filings.[5]

Q1-Q3 2024 filings by industry sector as compared to 2022 and 2023

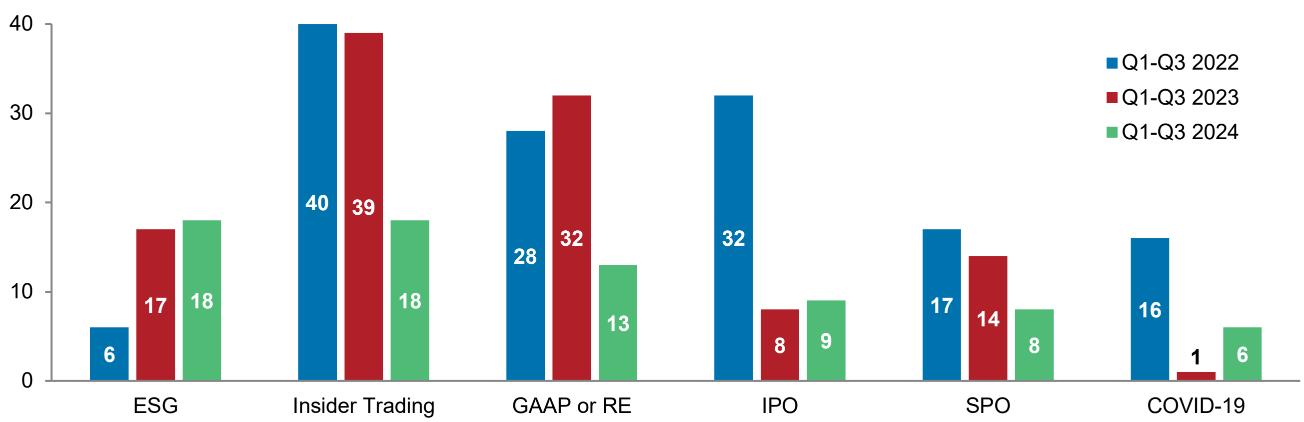


Note: Excludes the following industry sectors, each with one filing in 2024: Agriculture, Forestry, and Fishing; Construction; and Wholesale Trade.

Complaint allegations

- In the first three quarters of 2024, 18 filings each included ESG-related issues and insider trading allegations; 13 filings related to GAAP issues or restated earnings; 9 filings involved an initial public offering ("IPO"); 8 filings involved a secondary public offering ("SPO"); and 6 filings related to COVID-19.[6]

Complaint allegations



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

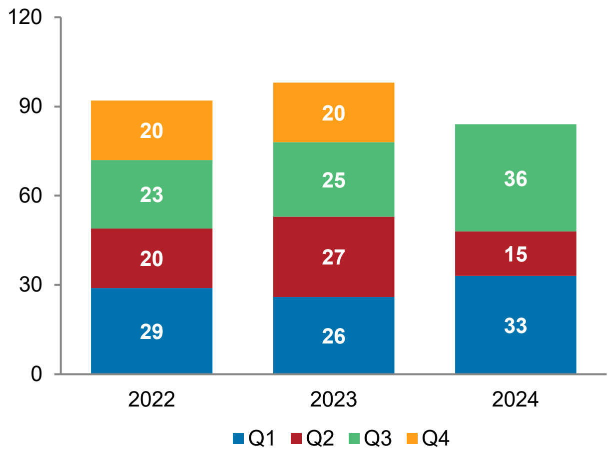
5 Industries reflect SIC Industry Groups defined by a three-digit SIC code. See https://www.osha.gov/data/sic-manual.

6 A filing can include several types of allegations.

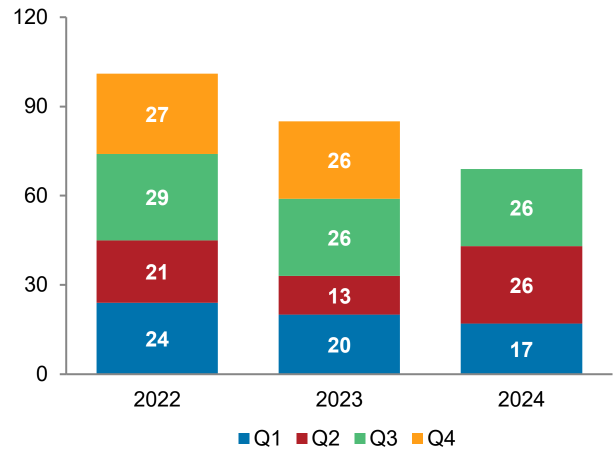
Dismissals and settlements

- Among the cases filed in the past 10 years,[7] 45% of the cases have been dismissed so far.[8] 84 of these cases were dismissed in the first three quarters of 2024.
- 28% of the cases filed in the past 10 years have been settled. 69 of these cases settled during the first three quarters of 2024.[9]
- Out of the 69 cases that settled during the first three quarters of 2024, 34 cases have reached the stage of class certification filing.

Dismissed cases

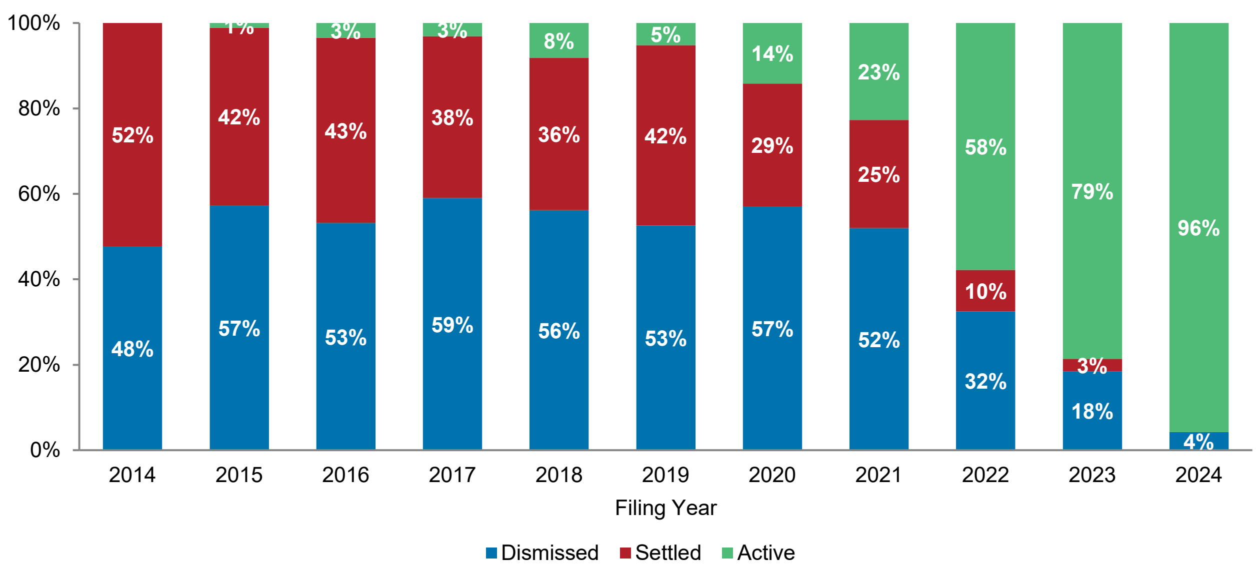


Settled cases



- Among the cases filed in the past 10 years, 26% of the cases remain active.[10] Class has been certified in 34 of these cases.

Status of the cases filed in the past 10 years



Note: Filings from Q4 2014 to Q3 2024.

7 The past 10 years refers to the period from October 1, 2014 to September 30, 2024.

8 Excludes tentative or/and partial dismissals.

9 Based on final settlement date.

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

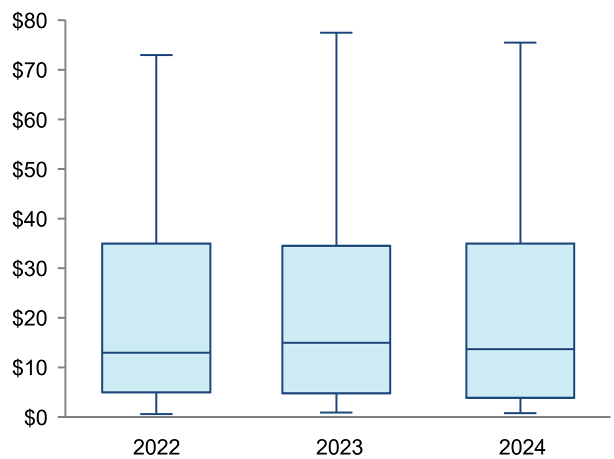
Settlement amounts

- Among the cases filed in the past 10 years,[11] the median settlement amount for the cases that settled in Q1-Q3 2024 was $13.7 million, down from $15.0 million for the cases that settled in 2023 and up from $13.0 million for the cases that settled in 2022.
- In Q1-Q3 2024, the middle 50% of settlement amounts were between $3.9 million and $35.0 million, similar to 2023 ($4.8-$34.5 million) and 2022 ($5.0-$35.0 million).
- The highest settlement amount during Q1-Q3 2024 was $490.0 million. The highest settlement amount was $1.0 billion in 2023 and $809.5 million in 2022.
- In 90% of the cases that settled from 2022 through Q3 2024, the settlement amount was below $80 million.

Time to settlement

- Among the cases filed in the past 10 years, the median time to settlement for the cases settled in Q1-Q3 2024 was 3.3 years, shorter than for the cases that settled in 2023 (3.7 years) and similar to the cases that settled in 2022 (3.2 years).
- The longest time to settlement for the cases settled in Q1-Q3 2024 was 8.3 years, up from 2023 (8.1 years) and 2022 (7.6 years).

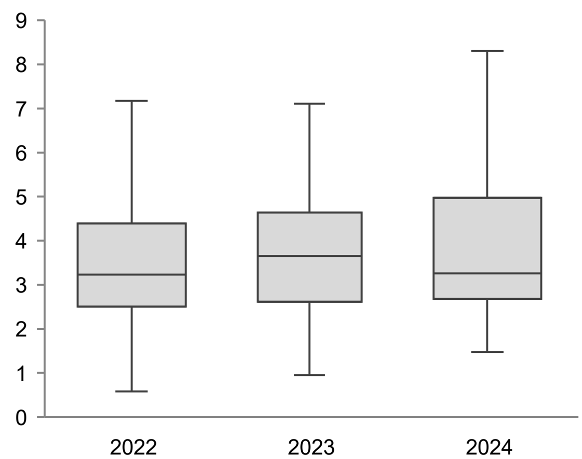
Settlement amounts ($ millions)
Distribution excluding outliers:



Range of values:

	2022	2023	Q1-Q3 2024
Min	0.6	0.9	0.8
Max	809.5	1,000.0	490.0

Time to settlement (years)



Range of values:

	2022	2023	Q1-Q3 2024
Min	0.6	1.0	1.5
Max	7.6	8.1	8.3

Note: Filings from Q4 2014 to Q3 2024 with positive settlement amounts. An observation 1.5 interquartile ranges away from the middle 50% of the observation is considered an outlier.

[11] The past 10 years refers to the period from October 1, 2014 to September 30, 2024.

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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