



2016 Marks a Record Year for Securities Class Actions

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Of the 13 settlements added in 2016, two landed in the top 11 on the all-time list. Both involved total amounts of over \$1 billion. *Household International, Inc.* ranked number seven at \$1,575,000,000, while *Merck & Co., Inc.* was number 11 at \$1,060,000,000. The highest-ever settlement amount remains \$7,242,000,000, which was reached in connection with the *Enron Corp.* securities litigation around 2010. There is a four-way tie for number 100 at \$150,000,000.

All but one of the 13 settlements to make the list in 2016 were filed in federal court. The lone exception was an Alabama case. Of the remaining 12 federal cases, six were filed in the 2nd Circuit—all of them in the Southern District of New York. This continues the overrepresentation of 2nd Circuit cases on the all-time settlement list. Of the top 100 settlements, over 41 percent came out of the 2nd Circuit (with all but two of those from the Southern District of New York). That proportion is significantly higher than the national average. According to Cornerstone Research, the 2nd Circuit accounts for less than 26 percent of all federal securities class action filings. In comparison, the 9th Circuit—which on average accounts for the same percentage of all securities class action filings—makes up less than 12 percent of the top 100 settlement list.

Section 10b-5 claims remained the most consistently asserted in the 2016 settlements. Also, 2016 continued the trend of shifting away from mega settlements in cases filed in the midst of the financial credit crisis. Four such cases were added to the top 100 in the first half of 2015, with only two in the second half. That figure dropped to one in 2016, with no such cases added in the second half of the year.

In addition to its record showing on the top 100 list, 2016 saw an increase in total settlements, settlement dollars, and median settlement value compared to the previous year. While this trend may not continue year-to-year, the results of 2016 appear likely to be broken in the near future. Years 2013, 2015, and 2016 each saw additions of at least ten new settlements added to the top 100 (though at least one of the 2015 settlements was knocked out by the 2016 additions). With securities class action filings on the rise since 2012—including a record number of new filings last year—we can continue to expect significant additions to the top 100 settlements in the coming years.

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