

2025 REVIEW & ANALYSIS

# Accounting Class Action Filings and Settlements

REVIEW & ANALYSIS



**CORNERSTONE RESEARCH**  
Economic and Financial Consulting and Expert Testimony

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# Executive Summary

In 2025, the number of accounting-related securities class action filings fell to its lowest level since tracking began. However, these accounting cases were filed against larger issuer defendants as compared to prior years.

The dollar value of accounting-related securities class action settlements hit a five-year high, making up more than 50% of the value for all settlements in 2025 despite no increase in the number of such settlements compared to 2024.

## FILINGS

The number of securities class action filings involving accounting allegations (“accounting case filings” or “accounting cases”) decreased for the first time in four years, from 57 in 2024 to 34 in 2025.<sup>1</sup> (page 3)

For the second consecutive year, asset valuation and/or impairment was the most common GAAP violation alleged in accounting cases. (page 4)

The total Disclosure Dollar Loss (DDL) for accounting case filings in 2025 decreased by 40%, in line with a similar decline in the number of accounting case filings. (page 6)

After a four-year decline, the median pre-disclosure market capitalization of issuer defendants increased by over 120% in 2025.<sup>2</sup> (page 7)

## SETTLEMENTS

There were 35 securities class action settlements involving accounting allegations (“accounting case settlements”) in 2025, the same as in 2024. The total value of these settlements, however, increased by 40% to \$1.5 billion. (pages 13, 14)

As measured by median total assets and pre-disclosure market capitalization, the size of issuer defendants in accounting case settlements increased by 30% and 15%, respectively. (page 16)

In 2025, the median settlement amount for accounting cases was the highest since 2022. (page 14)

Nearly half of accounting case settlements that included GAAP violations related to asset valuation and/or impairment. (page 15)

**Figure 1: Accounting Filings and Settlements Summary Statistics**

(Dollars in millions)

	2004-2024			2024	2025
	Minimum by Year	Maximum by Year	Annual Average		
<b>Filings Summary</b>					
Total Number of Filings	45	103	66	57	34
Total Disclosure Dollar Loss (DDL)	\$24,716	\$132,204	\$58,492	\$46,796	\$28,116
<b>Settlements Summary</b>					
Number of Settlements	32	75	48	35	35
Total Settlement Value	\$883	\$26,688	\$4,910	\$1,084	\$1,521
Median Settlement	\$7.3	\$25.3	\$12.8 <sup>(1)</sup>	\$12.3	\$17.1
Average Settlement	\$22.8	\$460.1	\$101.4 <sup>(2)</sup>	\$31.0	\$43.5

Note: Dollar values are adjusted for inflation; 2025 dollar equivalent figures are presented. The “Annual Average” column represents the following for the Settlements Summary statistics: (1) the “Median Settlement” is the median settlement amount for accounting case settlements from 2004 through 2024, and (2) the “Average Settlement” is the average settlement amount for accounting case settlements from 2004 through 2024.

# Key Trends in Accounting Case Filings and Settlements

## ACCOUNTING ALLEGATIONS

Based on the cases settled in 2025, GAAP violations are more likely to be added to non-accounting case filings than removed from accounting case filings. Approximately 54% of accounting case settlements included allegations of GAAP violations that were not made in the first identified complaint (FIC), whereas only 9% of settled cases had allegations of GAAP violations in the FIC that were later removed prior to settlement.

For the second consecutive year, the most common GAAP violation alleged in accounting case filings was asset valuation and/or impairment.

Although the number of accounting case settlements with alleged GAAP violations in 2025 was generally consistent with 2024, the median value of such settlements increased by 67%. Similar to accounting case filings, the most common alleged GAAP violation in accounting case settlements was asset valuation and/or impairment.

When asset valuation and/or impairment violations (a subset of GAAP violations) are alleged, they are most commonly made after the FIC and remain through settlement. In 2025, only 25% of accounting case settlements that included allegations related to asset valuation and/or impairment also had those violations alleged in the corresponding FIC.

## RESTATEMENTS

The DDL for accounting case filings involving restatements increased in 2025 by approximately 140% from 2024.

For the third consecutive year, the median settlement amount for accounting cases involving restatements was less than that for accounting cases without restatements. In 2025, the median settlement amount was 78% lower.

## SHORT-SELLER REPORTS

Accounting cases filed in 2025 were nearly five times more likely to refer to a short-seller report than non-accounting cases, the largest disparity between accounting and non-accounting cases since tracking began.<sup>3</sup> However, based on cases settled in 2025, references to a short-seller report in accounting case filings did not lead to greater settlement amounts, as the median settlement amount for such cases was only \$2.8 million.

## SETTLEMENT TIMING

The average time to settle for accounting cases in 2025 increased to 4.1 years, the longest time to settle since 2015. The length of time between filing and settlement for accounting cases continues to be related to settlement size.

## TREND FILINGS AND SETTLEMENTS

One-third of all cases related to cryptocurrency filed in 2025 were accounting cases, more than double the average over the past five years.

Accounting case filings involving artificial intelligence (AI) issues are being filed against larger issuer defendants. In 2025, the median pre-disclosure market capitalization for issuer defendants in accounting cases with AI issues was \$3.6 billion, up from \$1.0 billion during 2020–2024.

## PLAINTIFF LAW FIRMS

In 2025, four plaintiff law firms—The Rosen Law Firm P.A., Pomerantz LLP, Glancy Prongay & Murray LLP, and Levi & Korsinsky—filed 56% of accounting cases, the lowest share in the past five years.

The median filing lag for accounting cases filed by these four firms in the past five years (25 days) was 20 days shorter than that for accounting cases filed by other firms (45 days).

# Filings

## ACCOUNTING CASE FILINGS

This report focuses on federal securities class action filings containing Rule 10b-5, Section 11, or Section 12(a) claims, collectively referred to as “core” filings.

The volume of accounting case filings decreased by 40% from 2024 to 2025, a much larger decline than the 9% decrease in the volume of all federal securities class action filings.

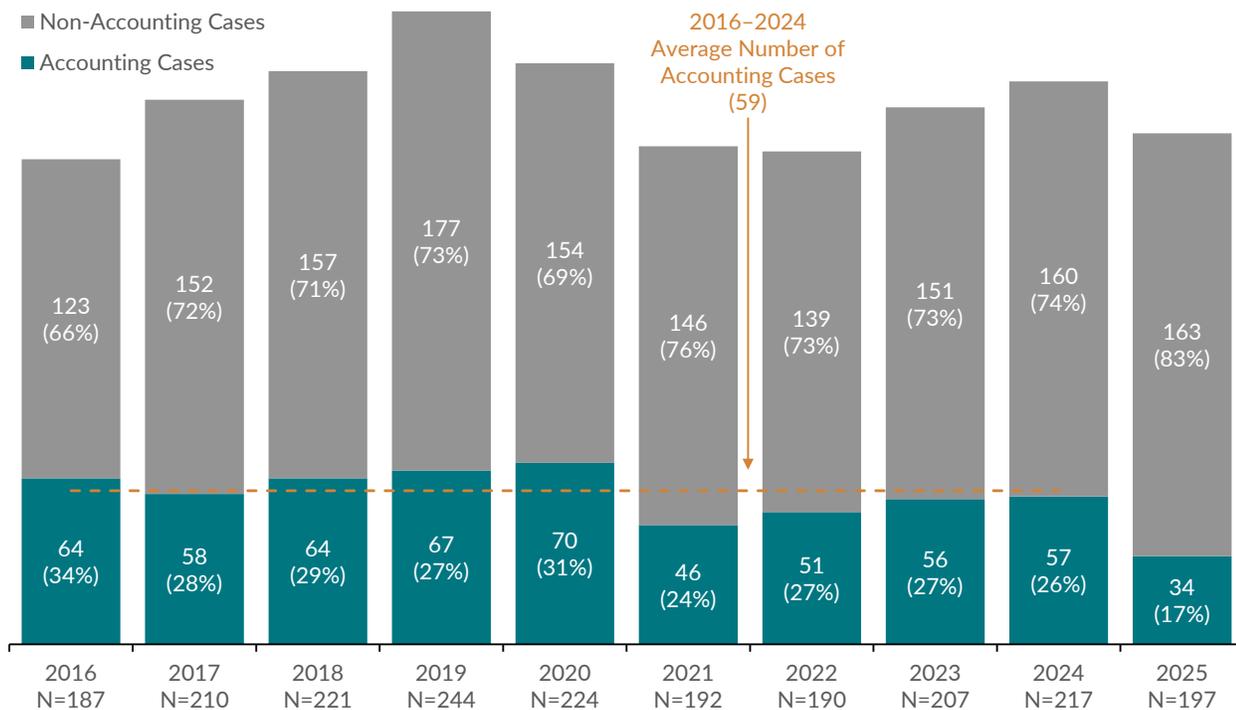
The number of accounting case filings in 2025 was approximately 42% lower than the 2016–2024 average.

*The number of accounting case filings fell to its lowest level since tracking began.*

Accounting case filings involving AI issues, cryptocurrency issues, and SPACs (“Trend Filings”), made up 24% of all accounting case filings, increasing from only 14% in 2024.

Accounting case filings in 2025 were at the lowest levels by both count (34) and proportion (17%) since tracking began.

**Figure 2: Accounting Case Filings as a Percentage of Total Filings 2016–2025**



## CLAIMS AND ALLEGATIONS IN ACCOUNTING CASE FILINGS

The proportion of accounting case filings asserting Section 11 and/or 12(a) claims declined to its lowest level since 2013.

In 2025, 62% of accounting case filings alleged GAAP violations only (without corresponding internal control weakness allegations), the highest level since 2009.

The proportion of 2025 accounting case filings with internal control weakness allegations without a corresponding GAAP violation allegation was the lowest since 2015.

Approximately 44% of accounting case filings in 2025 involved allegations of asset valuation and/or impairment, the highest proportion since tracking began in 2019.

For the second consecutive year, revenue recognition was not the most common GAAP violation alleged.

In 2025, all accounting case filings with related-party disclosure allegations referred to a short-seller report, an increase from the 2021–2024 average of 75%.

*For the second consecutive year, allegations related to asset valuation and/or impairment were the most common GAAP violation alleged.*

The proportion of accounting case filings with allegations related to liability/contingencies valuation dropped to its lowest level since tracking began in 2019.

**Figure 3: Claims and Allegations in Accounting Case Filings 2021–2025**

	Percentage of Accounting Case Filings				
	2021	2022	2023	2024	2025
<b>Claims in Accounting Case Filings</b>					
Rule 10b-5 Claims	100%	96%	98%	98%	97%
Section 11 and/or 12(a) Claims	7%	12%	14%	7%	3%
<b>Allegations in Accounting Case Filings</b>					
GAAP Violations Only	61%	51%	38%	54%	62%
Internal Control Weaknesses Only	6%	10%	16%	9%	3%
Both GAAP Violations and Internal Control Weaknesses	33%	39%	46%	37%	35%
<b>Detail of GAAP Violations</b>					
Revenue Recognition	41%	35%	27%	23%	24%
Asset Valuation/Impairment	24%	16%	20%	33%	44%
Liability/Contingencies Valuation	15%	24%	16%	7%	3%
Related-Party Disclosures	15%	16%	4%	16%	6%
Other	22%	29%	29%	30%	35%

Note: Percentages may not sum to 100% because complaints may include multiple allegations.

## ACCOUNTING CASE FILING LAG

This analysis identifies the number of days between the end of the class period and the initial filing date of an accounting case.

Accounting cases continue to be filed more quickly than non-accounting cases. In 2025, the median filing lag for accounting cases remained shorter than that for non-accounting cases.

The median filing lag for accounting cases in 2025 (25 days) declined by 32% but remained slightly longer than the historical average of 21 days.

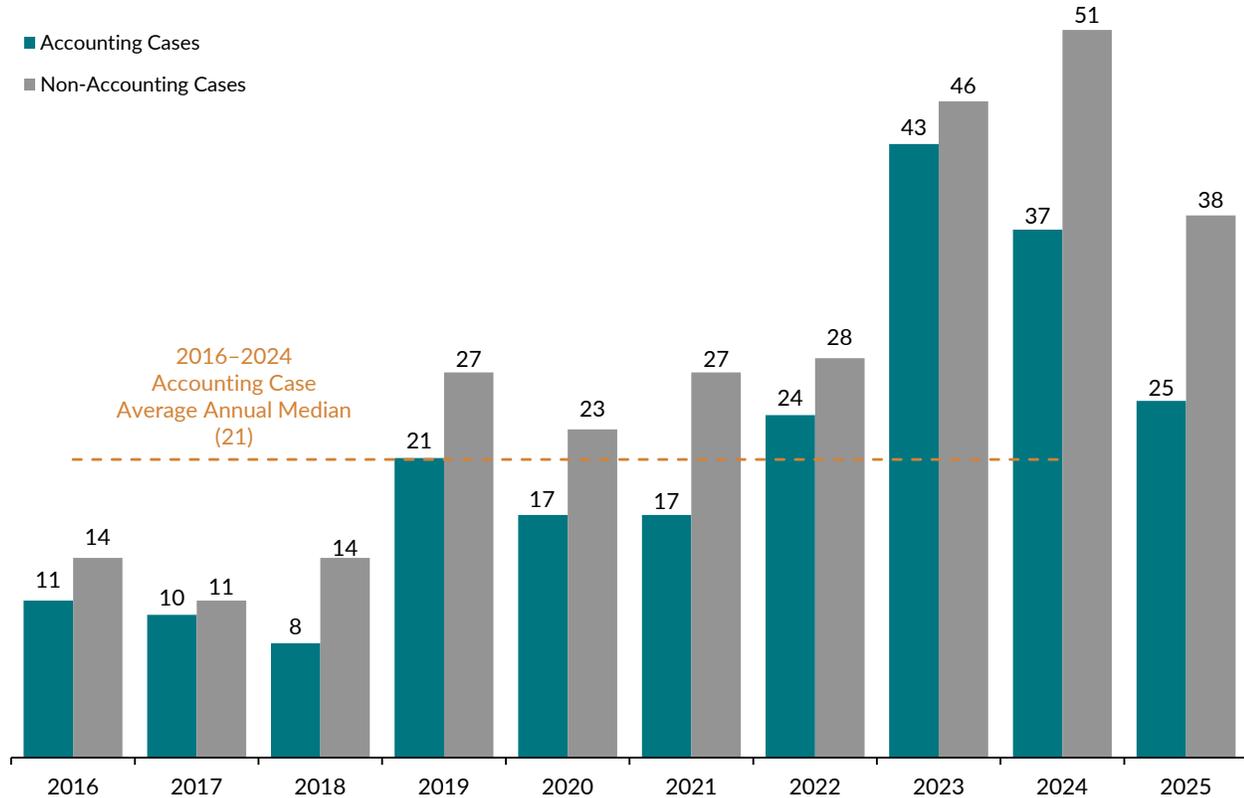
The difference in median filing lag between accounting and non-accounting cases narrowed slightly to 13 days in 2025 compared to 14 days in 2024 but remained more than double the 2016–2024 average of six days.

Trend Filings contributed to the shorter filing lag observed in 2025 compared to 2024, with a 19-day decline in the median filing lag, from 40 days in 2024 to 21 days in 2025.

*The median filing lag for accounting cases declined for a second consecutive year.*

Over the past 10 years, accounting cases filed more quickly (i.e., with a shorter filing lag) were more likely to be dismissed. From 2016 through 2024, the median filing lag for accounting cases that were dismissed was 16 days compared to 29 days for accounting cases that are ongoing.

**Figure 4: Accounting Case Filings and Annual Median Lag Between Class Period End Date and Filing Date 2016–2025**  
(Number of days)



## ACCOUNTING CASE FILINGS AND MARKET CAPITALIZATION LOSSES

### Disclosure Dollar Loss Index® (DDL Index®)

This index measures the aggregate annual DDL for all filings. DDL is the dollar-value change in a defendant firm’s market capitalization between the trading day immediately preceding the end of the class period (i.e., pre-disclosure market capitalization) and the trading day immediately following the end of the class period. DDL should not be considered an indicator of liability or measure of potential damages.

In 2025, one accounting case filing had a DDL of at least \$5 billion (mega-DDL case). This mega-DDL case accounted for 44% of the total accounting case DDL in 2025.

*The DDL Index for accounting case filings decreased in 2025 by 40% from 2024.*

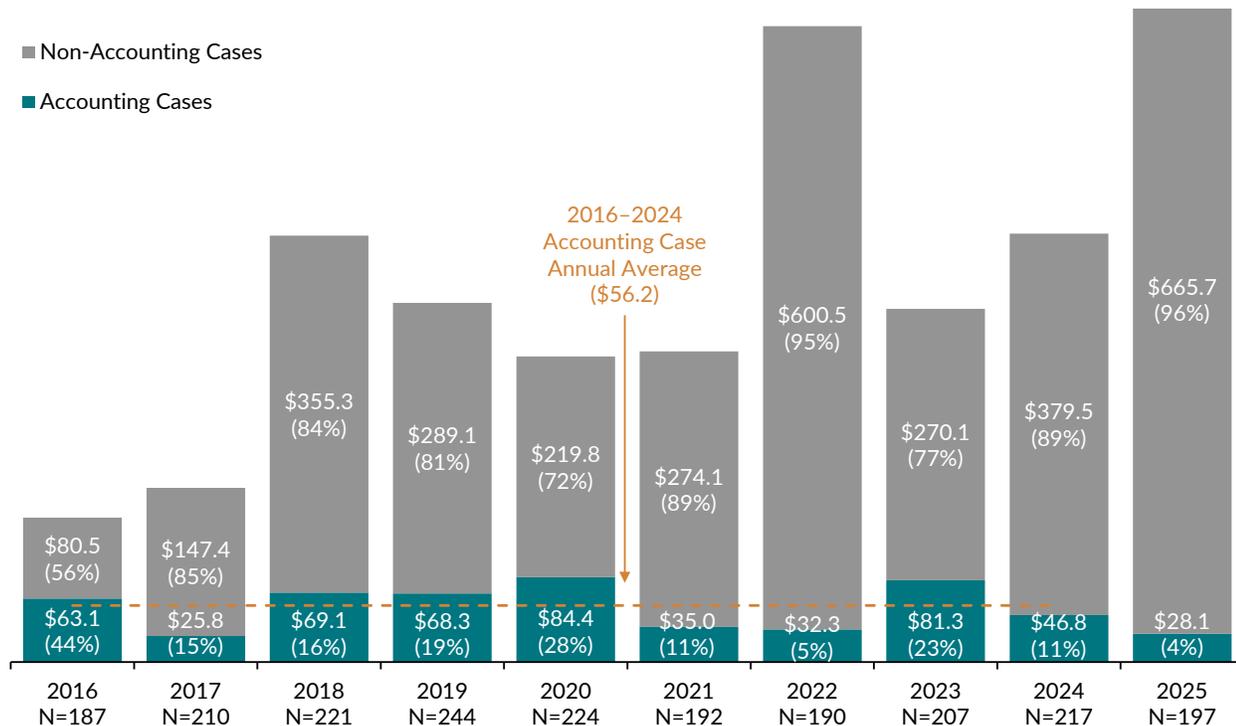
At \$28.1 billion, the 2025 DDL Index for accounting cases was 50% lower than the 2016–2024 annual average.

Accounting case filings comprised 4% of the total DDL Index, the lowest share since tracking began.

The total DDL for accounting cases related to revenue recognition in 2025 was \$12.4 billion, a 94% increase from 2024.

The Second Circuit accounted for 64% of the accounting DDL Index in 2025, compared to 23% in 2024.

**Figure 5: Accounting Case Filings and Disclosure Dollar Loss Index® (DDL Index®) 2016–2025**  
(Dollars in billions)



Note: Total DDL dollars are adjusted for inflation; 2025 dollar equivalent figures are presented.

## ACCOUNTING CASE FILINGS BY FIRM SIZE

In 2025, the median pre-disclosure market capitalization for issuer defendants in accounting cases surpassed \$1 billion for the first time since 2022, returning closer to the historical average of \$1.3 billion.

The median pre-disclosure market capitalization of issuer defendants more than doubled in 2025 compared to 2024.

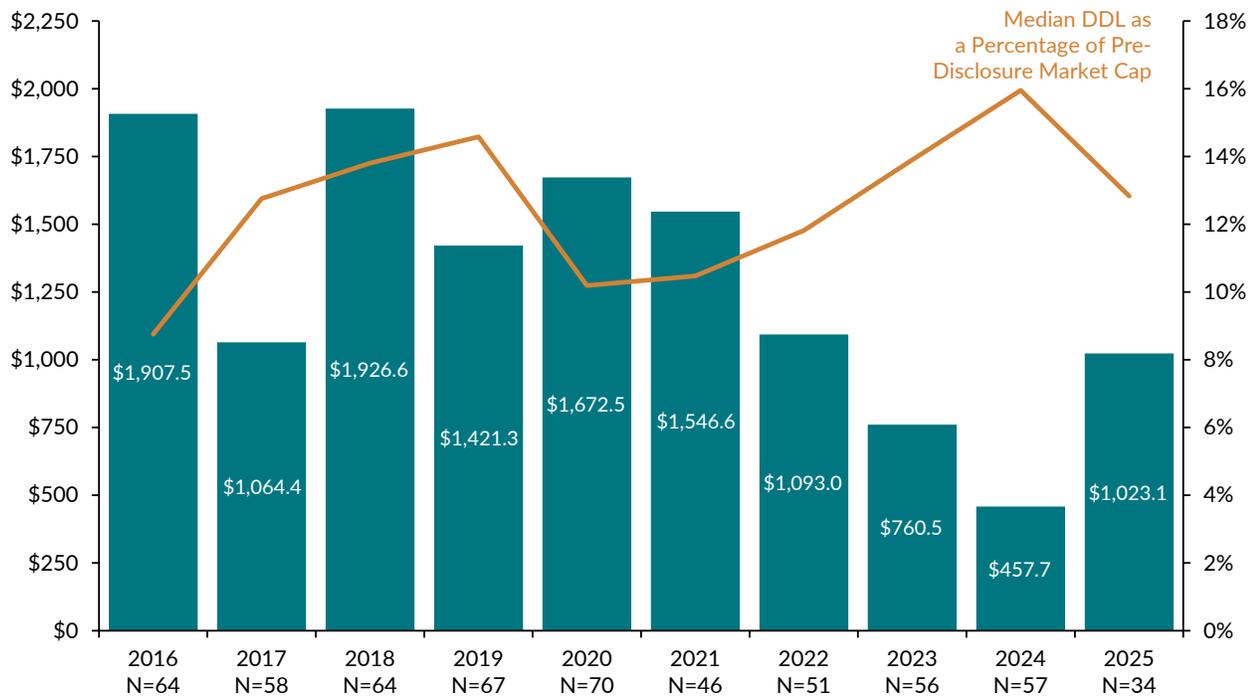
The median DDL as a percentage of pre-disclosure market capitalization fell to 13% in 2025, the first decline since 2020 and consistent with the 2016–2024 average of 12%.

In 2025, the median pre-disclosure market capitalization of issuer defendants in accounting case filings involving AI issues was nearly four times that of issuer defendants in accounting case filings without AI issues.

*After a four-year decline, the median pre-disclosure market capitalization of issuer defendants increased by over 120% in 2025.*

**Figure 6: Accounting Case Filings and Median Pre-Disclosure Market Capitalization of Issuer Defendants 2016–2025**

(Dollars in millions)



Note: Pre-disclosure market capitalization dollars are adjusted for inflation; 2025 dollar equivalent figures are presented.

## STATUS OF ACCOUNTING CASE FILINGS

This analysis compares filing groups to determine whether filing outcomes have changed over time. As each cohort ages, a larger percentage of filings are resolved—whether through dismissal, settlement, remand, or by trial. In the first few years after filing, a larger proportion of core federal lawsuits are dismissed rather than settled, but in later years, more are resolved through settlement than dismissal.

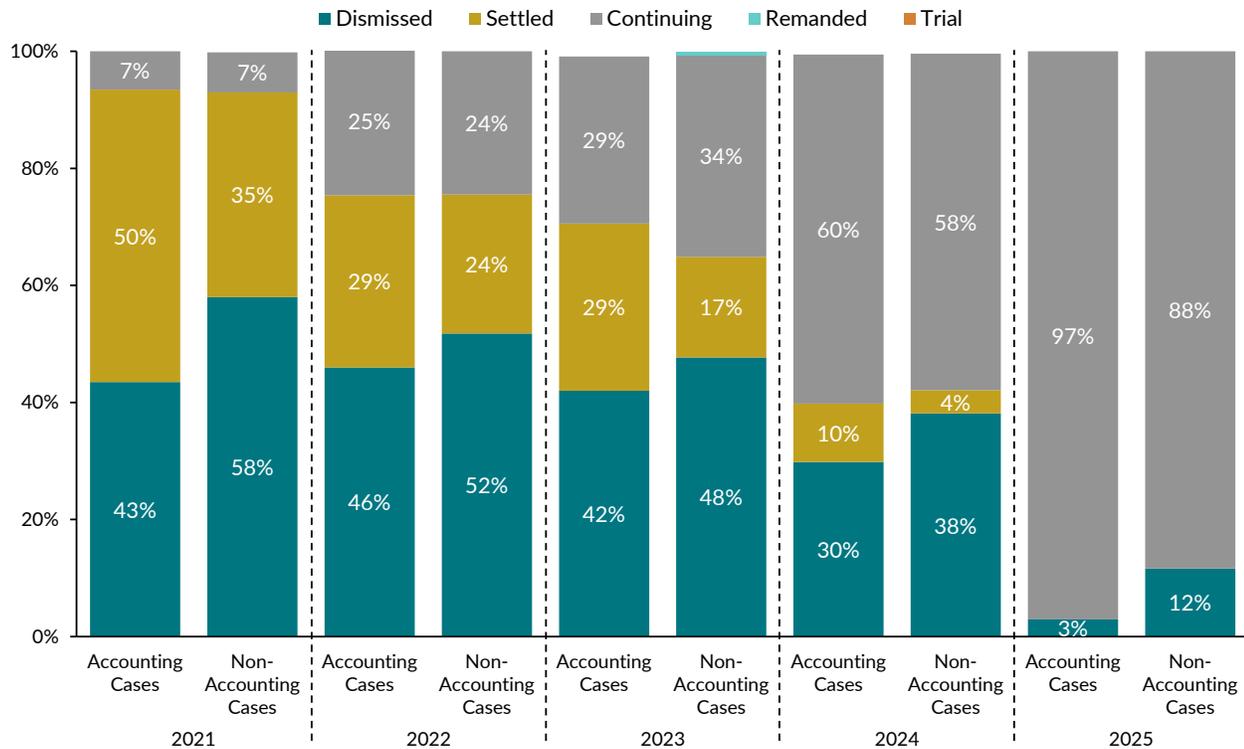
From 2021 through 2024, 29% of accounting case filings settled, 40% were dismissed, and 31% are continuing, compared to non-accounting cases, of which 19% settled, 49% were dismissed, and 32% are continuing.

*In each year from 2021 to 2024, accounting cases were more likely to settle than non-accounting cases.*

Consistent with the preceding four years, accounting cases filed in 2025 have so far been less likely to be dismissed than non-accounting cases.

Of the mega-DDL accounting cases filed from 2021 through 2025, 38% were dismissed, and 62% are continuing (including those filed in 2024 and 2025), compared to non-accounting mega-DDL cases, of which 29% were dismissed, 66% are continuing, and 5% settled.

**Figure 7: Status of Accounting and Non-Accounting Filings 2021-2025**



## TIMING OF DISMISSALS OF ACCOUNTING CASE FILINGS

This analysis examines dismissal trends within the first three years of the filing of a class action to gain insight into recent accounting case dismissal rates across cohorts.

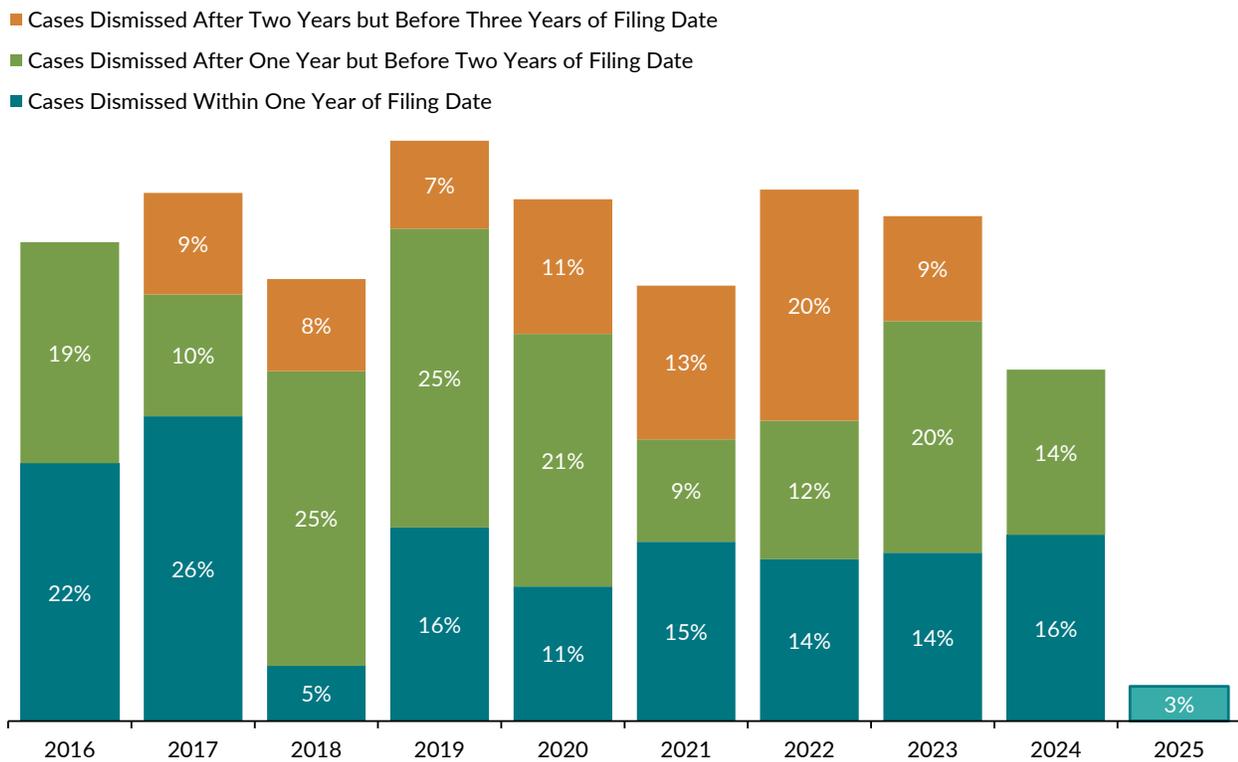
On average, 15% of accounting cases filed from 2016 through 2024 were dismissed within the first year following the filing date.

*The 2025 cohort has the lowest dismissal rate to date compared to the last 10 years.*

On average, accounting cases filed from 2016 through 2023 have a dismissal rate that is 13% lower through three years than that of non-accounting cases.

The 2024 cohort has the highest one-year dismissal rate (16%) in the past five years.

**Figure 8: Percentage of Accounting Case Filings Dismissed Within Three Years of Filing Date 2016–2025**



Note:

- Percentage of cases in each category is calculated as the number of accounting case filings that were dismissed within one, two, or three years of the filing date, divided by the total number of accounting cases filed each year.
- The outlined bar for 2025 indicates the percentage of accounting cases dismissed as of the date of the Research Sample. The outlined bar therefore presents only partial-year observed resolution activity, whereas its counterparts in earlier years show an entire year.

## ACCOUNTING CASE FILINGS BY INDUSTRY

Accounting case filings in the Energy sector fell to a seven-year low in 2025, with an 89% decrease in the number of filings and a 91% decrease in DDL compared to 2024. See Appendix 2.

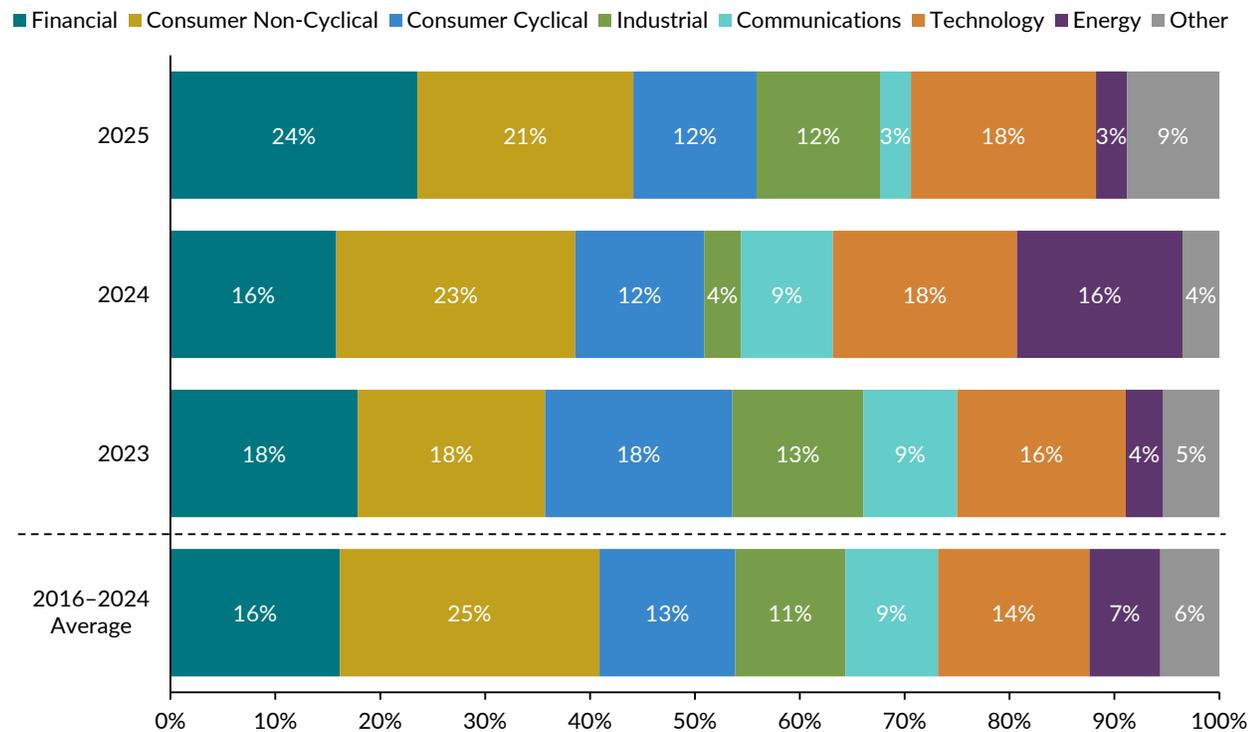
The percentage of accounting case filings in the Industrial sector returned to historical levels, increasing threefold from 2024, and the sector accounted for 78% of the 2025 DDL Index for accounting cases.

Despite the share of accounting case filings in the Consumer Cyclical sector remaining the same in 2025, the corresponding DDL dropped significantly, falling 98% from 2024.

The share of 2025 accounting case filings in the Financial and Consumer Non-Cyclical sectors involving allegations related to asset valuation and/or impairment increased by 138% and 42%, respectively, from their historical averages since tracking began in 2019.

*The Financial sector comprised the largest share of accounting case filings in 2025, surpassing the Consumer Non-Cyclical sector for the first time in three years.*

Figure 9: Percentage of the Total Number of Accounting Case Filings by Industry



Note: Industries categorized as “Other” are Basic Materials and Utilities.

## ACCOUNTING CASE FILINGS INVOLVING RESTATEMENTS

Despite a 50% decrease in the number of accounting case filings involving a restatement in 2025, the proportion of total accounting case filings remained consistent with the historical average.

Six of the seven accounting case filings in 2025 involving a restatement were in the Technology or Financial sectors.

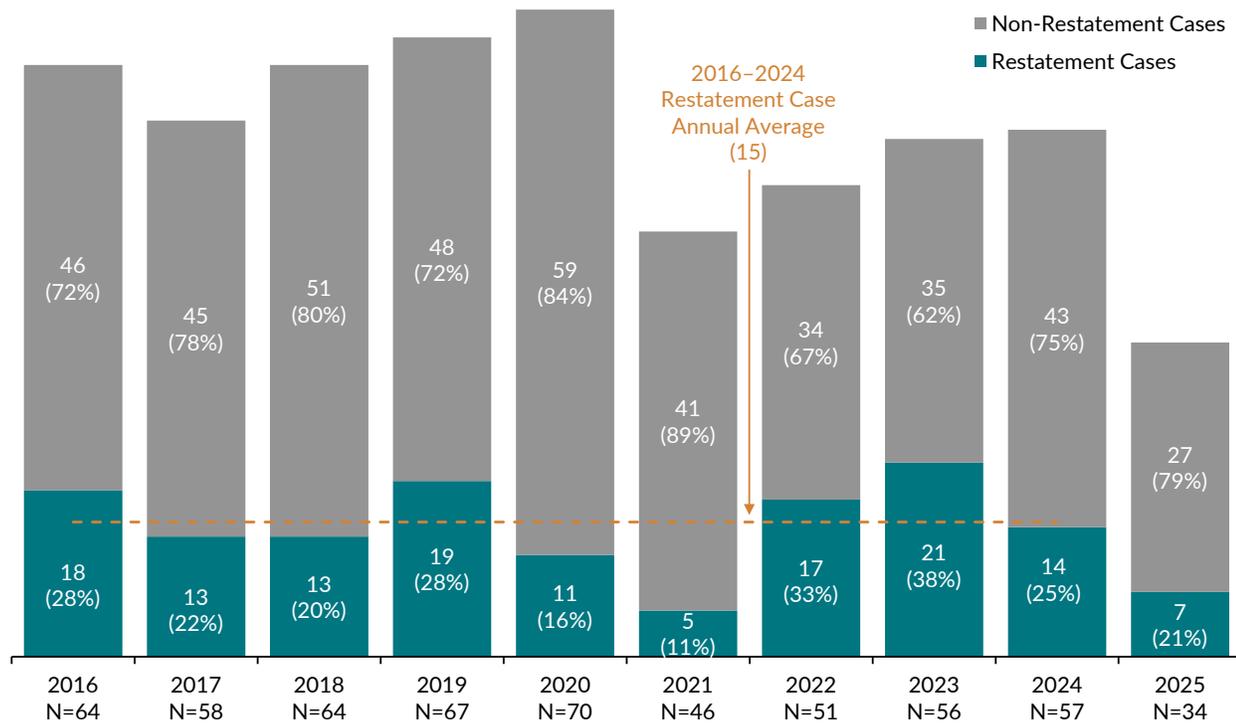
For the third consecutive year, over 85% of accounting case filings involving a restatement also included allegations of internal control weaknesses.

The DDL for accounting case filings involving restatements increased by approximately 140% compared to 2024.

*Accounting case filings involving financial statement restatements declined to seven in 2025, the second-lowest level since tracking began.*

The most common GAAP violations associated with 2025 accounting case filings involving restatements were allegations of asset valuation and/or impairment.

**Figure 10: Accounting Case Filings Involving Restatements 2016–2025**



## ACCOUNTING CASE FILINGS INVOLVING ALLEGATIONS OF INTERNAL CONTROL WEAKNESSES

For the second consecutive year, the number of accounting case filings involving allegations of internal control weaknesses decreased, declining by 50% in 2025.

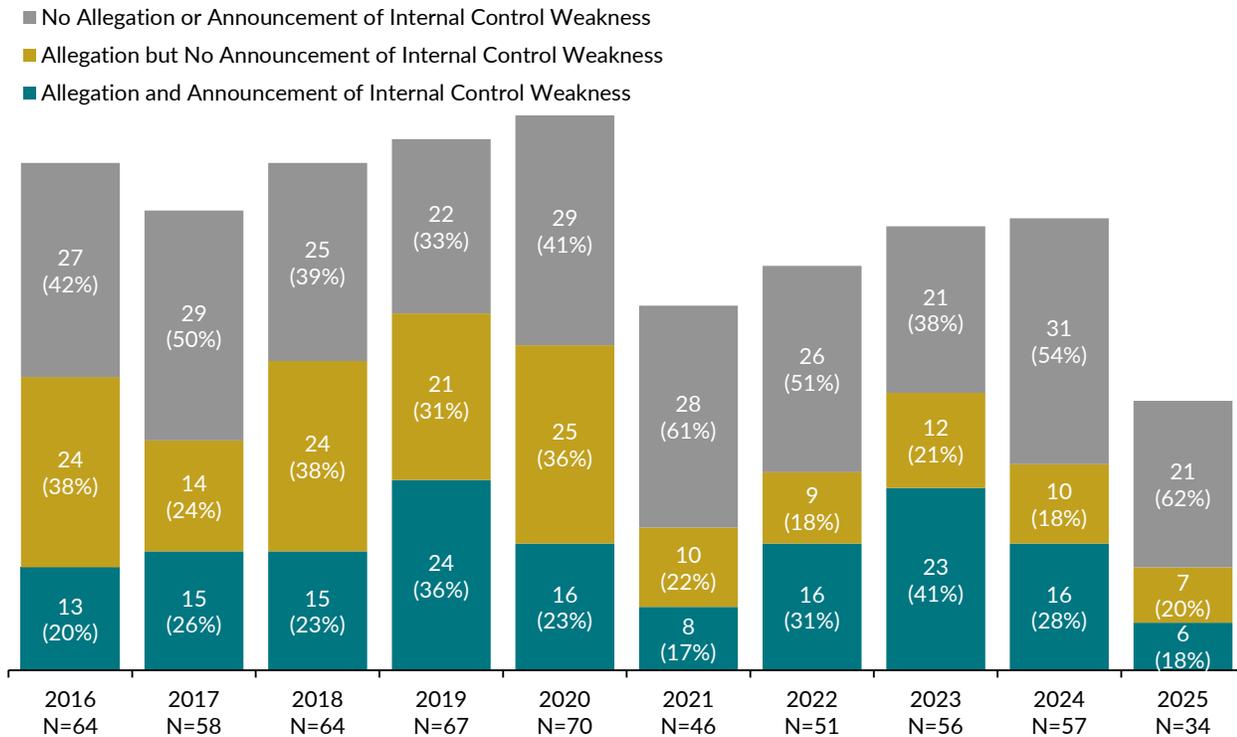
Although the number of accounting case filings involving allegations of internal control weaknesses declined in 2025, the median pre-disclosure market capitalization of these issuer defendants increased nearly fourfold compared to that of issuer defendants in 2024.

While 38% of accounting case filings in 2025 contained an allegation of internal control weaknesses, the DDL of these cases comprised over half of the total DDL Index for accounting cases.

*In 2025, 38% of accounting case filings included allegations of internal control weaknesses—the lowest proportion since 2009.*

For the second consecutive year, none of the 2025 accounting case filings involving allegations of internal control weaknesses alleged GAAP violations relating to liability/contingencies valuation.

**Figure 11: Accounting Case Filings Involving Allegations of Internal Control Weaknesses 2016–2025**



# Settlements

## ACCOUNTING CASE SETTLEMENTS

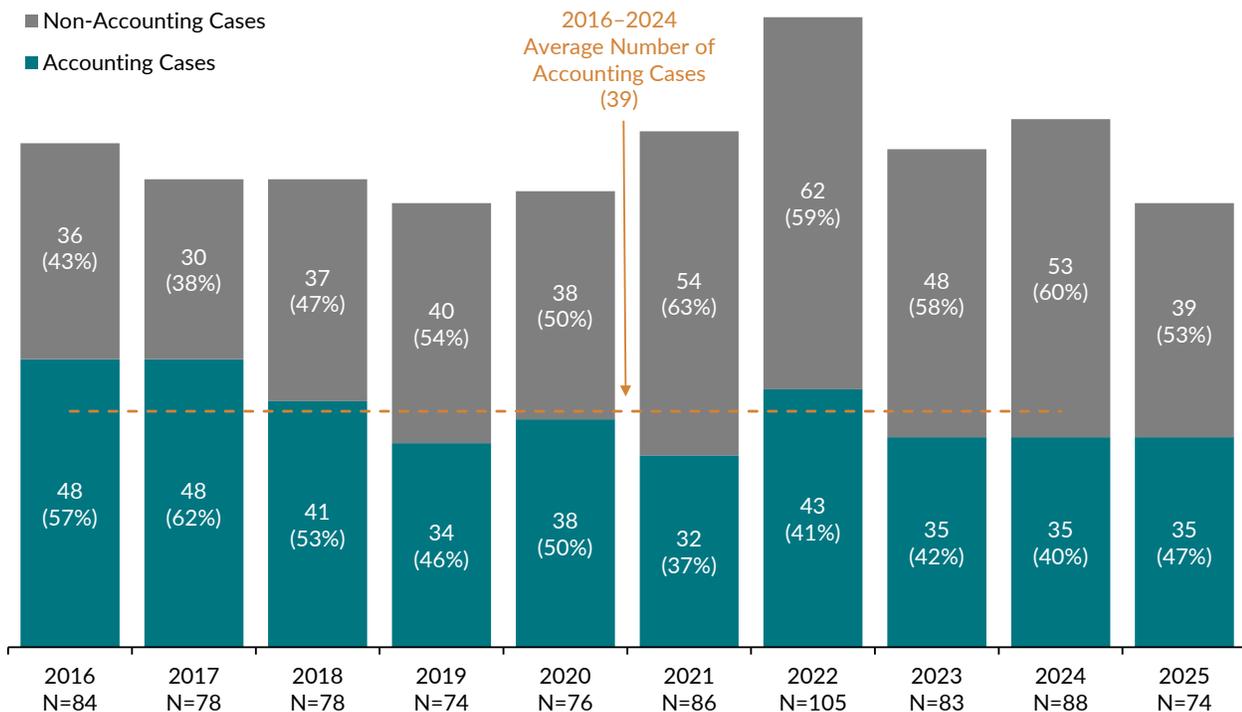
The number of accounting case settlements in 2025 was consistent with the prior two years and remained below the 2016–2024 average. However, the proportion of accounting case settlements relative to total settlements was the highest it has been in the past five years.

Accounting cases that settled in 2025 tended to do so at later stages of litigation than non-accounting cases. Specifically, 11% of accounting case settlements in 2025 occurred after the filing of a motion for summary judgment, compared to 5% of non-accounting case settlements.

*While the total number of settlements declined in 2025, the proportion of accounting case settlements increased to 47%.*

The average time from filing to settlement for accounting cases settled in 2025 increased by over seven months to 4.1 years, the highest average time to settlement since 2015 and higher than the average time to settle for non-accounting cases from 2016 to 2024 (3.5 years).

**Figure 12: Accounting Case Settlements as a Percentage of Total Settlements 2016–2025**



## ACCOUNTING CASE SETTLEMENT VALUE

Accounting case settlements represented 51% of total settlement value, the highest proportion since 2020.

Both the average and median accounting case settlement amounts increased from 2024 to 2025. The average settlement amount increased by 40% from \$31.0 million to \$43.5 million, while the median increased by 38% from \$12.3 million to \$17.1 million, the highest since 2022.

The majority of accounting case settlements in 2025 (80%) were small (less than \$10 million) and mid-range (between \$10 million and \$50 million) settlements. The percentage of large (greater than \$50 million) and mega (greater than \$100 million) settlements doubled from 2024 to 2025 (from 9% to 20%).

The number of accounting case mega settlements in 2025 (five) was slightly higher than the annual average during 2016–2024 (four). The total settlement value of accounting case mega settlements (\$897.6 million) represented almost 60% of the value of all accounting case settlements in 2025 (\$1.5 billion).

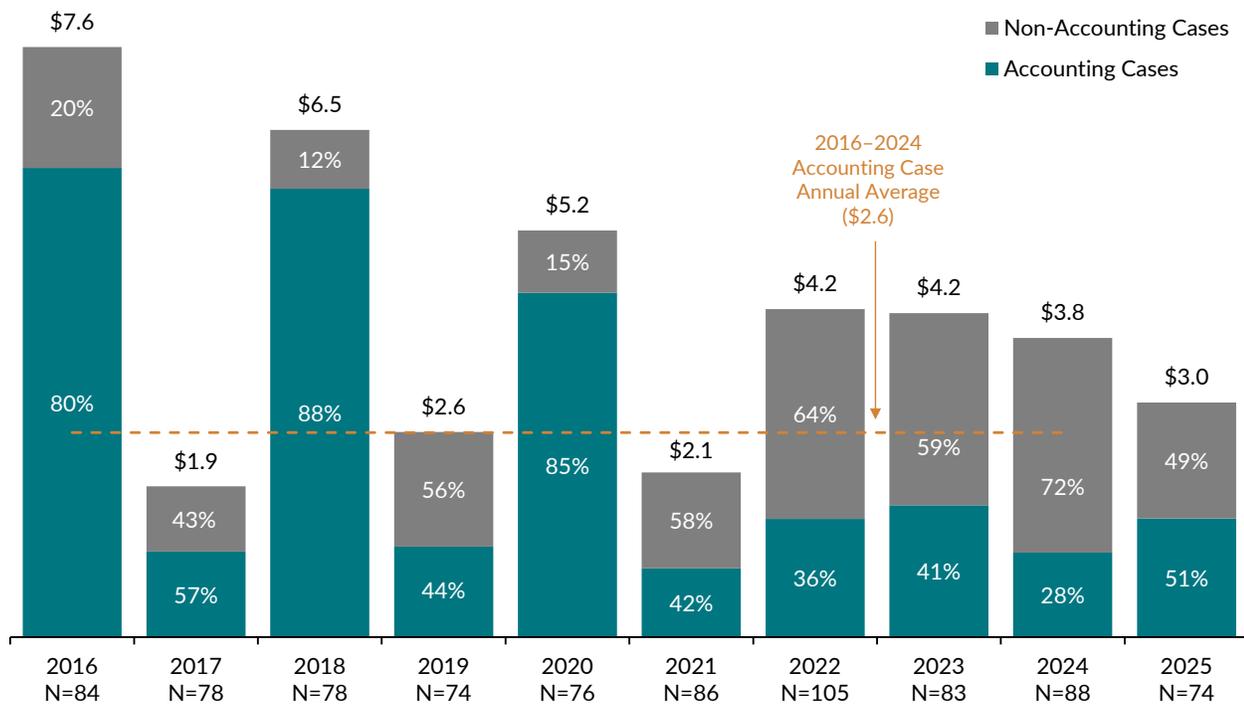
*The total value of accounting case settlements in 2025 increased by 40% compared to 2024.*

The percentage of accounting case settlements involving institutional investors as lead plaintiffs increased slightly in 2025 to 40% compared to 37% in 2024. The total settlement value of these cases increased from \$924.2 million in 2024 to \$1.2 billion in 2025.

**Figure 13: Accounting Case Settlement Dollars as a Percentage of Total Settlement Dollars**

2016–2025

(Dollars in billions)



Note: Settlement dollars are adjusted for inflation; 2025 dollar equivalent figures are presented.

## CLAIMS AND ALLEGATIONS IN ACCOUNTING CASE SETTLEMENTS

Although the share of accounting case settlements with Rule 10b-5 allegations decreased slightly from 94% in 2024 to 91% in 2025, the share of accounting case settlements with only Rule 10b-5 claims (without corresponding Section 11 or 12(a) claims) increased from 74% to 86%.

For the first time since 2019, each accounting case settlement involving Section 11 allegations in 2025 (five) also included allegations of GAAP violations.

In 2025, 34% of accounting case settlements included both allegations of GAAP violations and allegations of internal control weaknesses, the lowest level since 2005.

*The percentage of accounting case settlements involving only alleged GAAP violations increased to 49%, the highest proportion since 2006.*

Of the accounting case settlements involving GAAP violations, the proportion related to revenue recognition (41%) and asset valuation and/or impairment (48%) increased in 2025. See Appendix 5.

**Figure 14: Claims and Allegations in Accounting Case Settlements 2021–2025**

	Percentage of Accounting Case Settlements				
	2021	2022	2023	2024	2025
<b>Claims in Accounting Case Settlements</b>					
Rule 10b-5 Claims	88%	98%	97%	94%	91%
Section 11 Claims	31%	23%	14%	26%	14%
Section 12(a) Claims	22%	14%	11%	3%	3%
<b>Allegations in Accounting Case Settlements</b>					
GAAP Violations Only	18%	40%	43%	46%	49%
Internal Control Weaknesses Only	19%	16%	14%	14%	17%
Both GAAP Violations and Internal Control Weaknesses	63%	44%	43%	40%	34%

Note: Percentages may not sum to 100% because complaints may include multiple allegations. Allegations are based on the most recent complaint prior to settlement.

## ACCOUNTING CASE SETTLEMENTS BY FIRM SIZE

When measuring firm size by median total assets, issuer defendant size for accounting case settlements increased by 30% in 2025 to nearly \$1.5 billion, more than double the median total assets for non-accounting cases (\$679.5 million).

The increase in both median issuer defendant pre-disclosure market capitalization and median assets in 2025 is consistent with the increase in the median settlement amount for accounting case settlements in 2025.

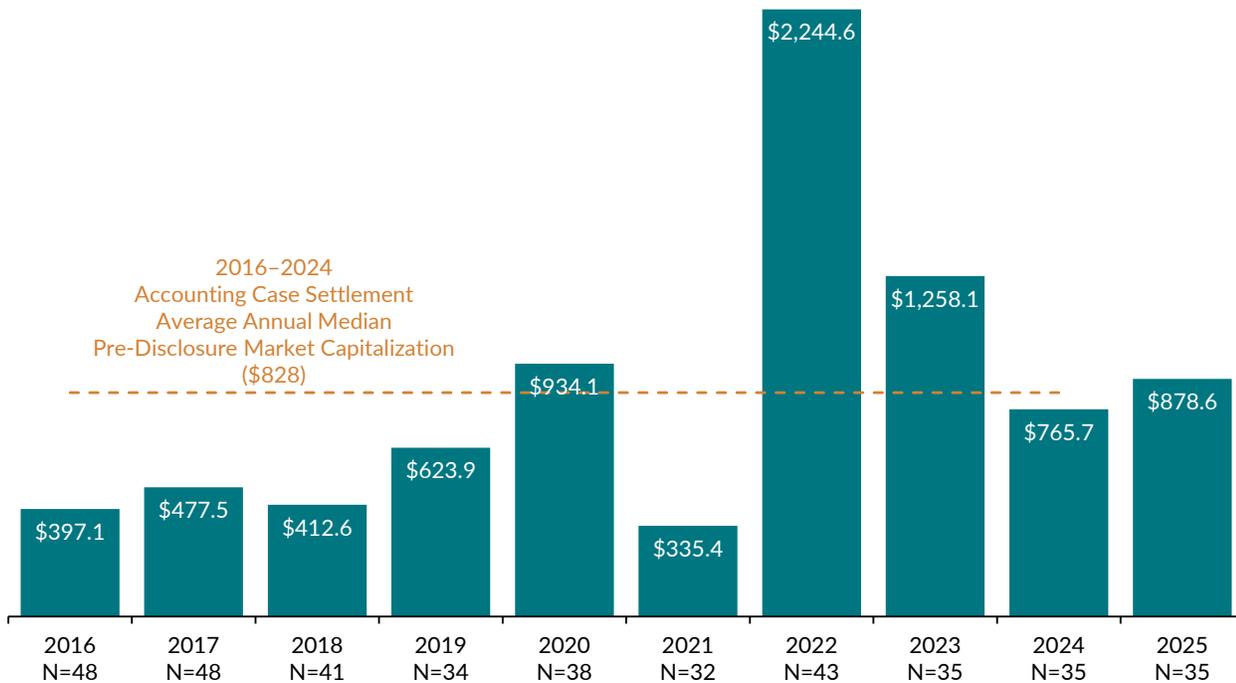
Consistent with the trend observed in the previous two years, the median pre-disclosure market capitalization of issuer defendants with accounting case settlements involving GAAP allegations again increased in 2025. Between 2024 and 2025, this metric grew by 19% (from \$738.6 million to \$878.6 million).

*The median pre-disclosure market capitalization of issuer defendants in accounting case settlements increased by 15% in 2025.*

The median pre-disclosure market capitalization of issuer defendants in accounting case settlements involving revenue recognition allegations more than doubled compared to 2024, from \$725.4 million to almost \$1.5 billion in 2025.

In 2025, the median pre-disclosure market capitalization of issuer defendants that settled in accounting cases (\$878.6 million) was approximately 44% greater than that of issuer defendants that settled in non-accounting cases (\$610.8 million).

**Figure 15: Median Pre-Disclosure Market Capitalization of Issuer Defendants in Accounting Case Settlements 2016–2025**  
(Dollars in millions)



Note: Pre-disclosure market capitalization dollars are adjusted for inflation; 2025 dollar equivalent figures are presented.

## ACCOUNTING CASE SETTLEMENTS BY INDUSTRY

The number of accounting case settlements in the Energy sector in 2025 was double its 2016–2024 historical average, while the median settlement amount in this sector was over four times greater in 2025 compared to the 2016–2024 median settlement amount. See Appendix 7.

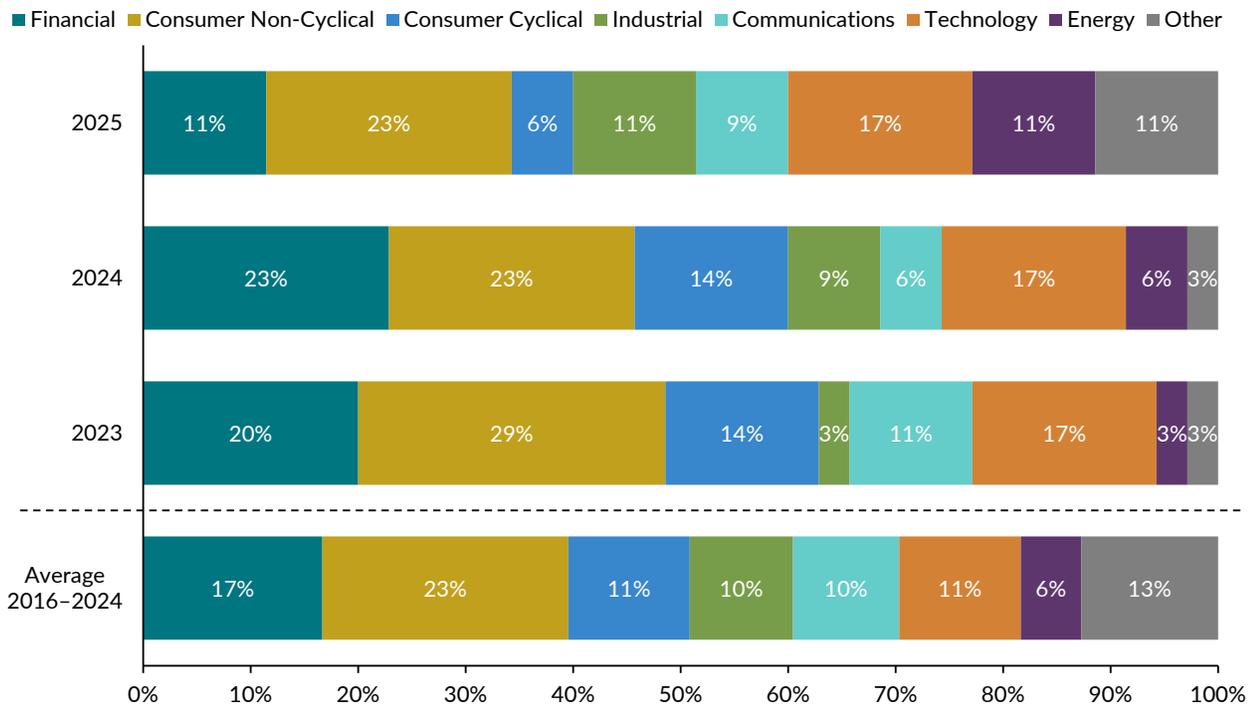
In addition to a decrease in the proportion of accounting case settlements in the Consumer Cyclical sector, the settlement value for such settlements decreased dramatically from 44% of the total accounting case settlements in 2024 to just 3% in 2025. This decrease is largely due to a single mega accounting case settlement in 2024.

While the number and share of accounting case settlements in the Communications sector increased slightly in 2025, the median settlement amount in this sector increased nearly twelvefold to \$29.5 million from \$2.5 million in 2024.

*Although the number of 2025 Industrial sector accounting case settlements was consistent with its historical average, the total settlement value of such settlements (\$383.8 million) reached the highest level since 2004.*

In 2025, the average time to settlement for accounting cases in the Financial sector (1.9 years) was less than half the average time to settlement for accounting cases in any other sector (ranging from 4.0 to 4.6 years).

**Figure 16: Percentage of the Total Number of Accounting Case Settlements by Industry 2016–2025**



Note: Industries categorized as “Other” are Basic Materials, Diversified, and Utilities. Percentages may not sum to 100% due to rounding.

## ACCOUNTING CASE SETTLEMENTS INVOLVING RESTATEMENTS

In 2025, the number and proportion of accounting case settlements involving restatements returned to 2023 levels but remained well below the 2016–2024 annual average.

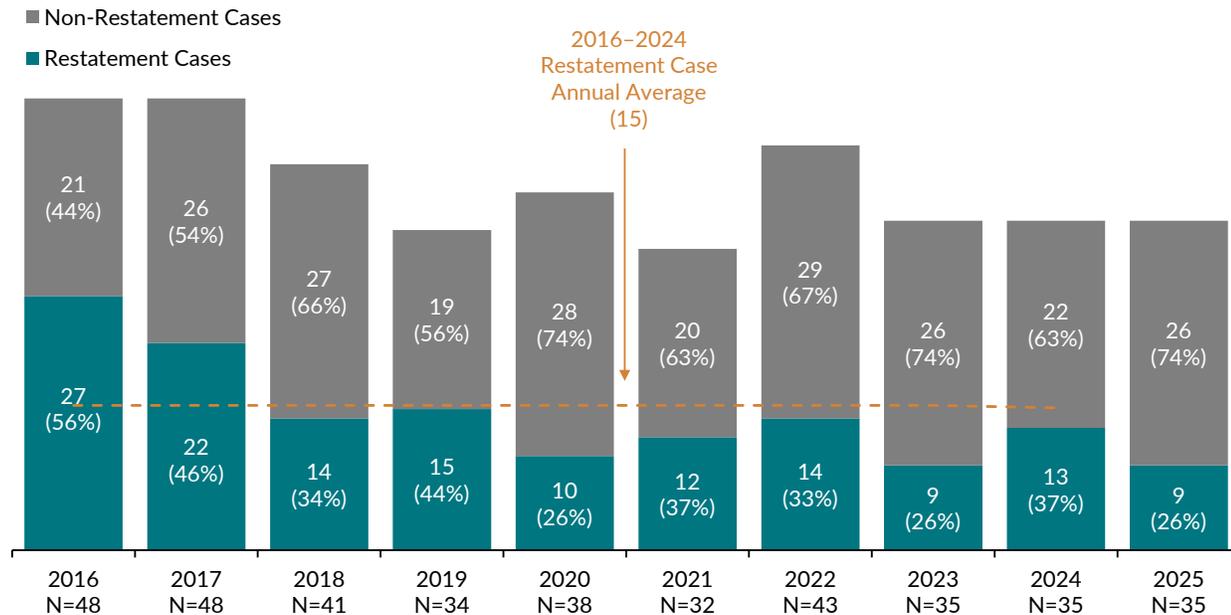
While the total number of accounting case settlements involving restatements decreased from 2024 to 2025, the total settlement value for cases involving restatements increased from \$168.8 million in 2024 to \$453.5 million in 2025.

For the fourth time in the last five years, accounting case settlements referencing a Securities and Exchange Commission (SEC) action settled faster on average when there was a restatement.

*The median settlement amount for accounting cases involving restatements was 78% lower than for cases not involving restatements.*

In 2025, two-thirds of all accounting case settlements with allegations related to liability/contingencies valuation (six) also included a restatement (four).

**Figure 17: Percentage of the Total Number of Accounting Case Settlements Involving Restatements 2016–2025**



## ACCOUNTING CASE SETTLEMENTS INVOLVING ALLEGATIONS OF INTERNAL CONTROL WEAKNESSES

Both the number and proportion of accounting case settlements involving allegations of internal control weaknesses continued to decline in 2025, reaching the lowest levels since 2004 and 2006, respectively.

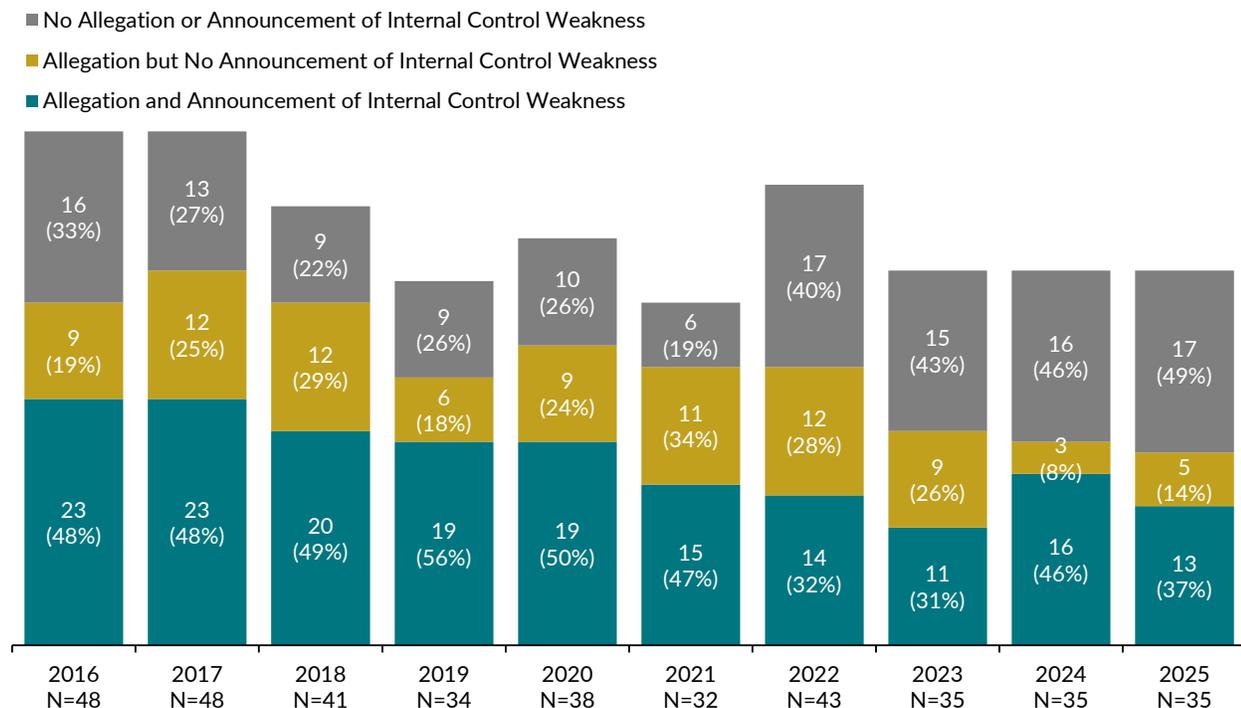
Despite the decline in the number and proportion of accounting case settlements involving allegations of internal control weaknesses in 2025, the value of settlements associated with these cases increased almost 30% to \$375.7 million from \$293.6 million in 2024.

In cases alleging internal control weaknesses during 2025, the median settlement value rose to \$14.8 million when no formal announcement of internal control weaknesses was made, more than triple the median value of settlements involving a public announcement (\$4.8 million).

*In each of the last 10 years, more than half of accounting case settlements included allegations of internal control weaknesses.*

In 2025, the average time to settle for accounting cases involving allegations of internal control weaknesses (3.4 years) was a year and a half shorter than for accounting cases without such allegations (4.8 years). The average time to settle was even shorter when there was also an announcement of internal control weaknesses (3.0 years).

**Figure 18: Accounting Case Settlements Involving Allegations of Internal Control Weaknesses 2016–2025**



## SETTLEMENTS BY TYPE OF ALLEGED GAAP VIOLATION

This section takes a closer look at accounting case settlements with Rule 10b-5 claims across three subsets of alleged accounting violations—allegations of GAAP violations, write-downs, and restatements<sup>4</sup>—and examines settlements in relation to a proxy for the amount of potential investor losses that plaintiffs may claim in a securities class action. This relationship is important to consider because a proxy for damages is the single most important determinant of settlement outcomes.<sup>5</sup> However, plaintiff-style damages do not represent actual economic losses borne by shareholders. Determining any such economic losses for a given case requires more in-depth analysis.

### Median “Plaintiff-Style Damages”<sup>6</sup>

In 2025, median plaintiff-style damages for accounting case settlements involving GAAP violations increased by 153% from 2024 to \$294.9 million.

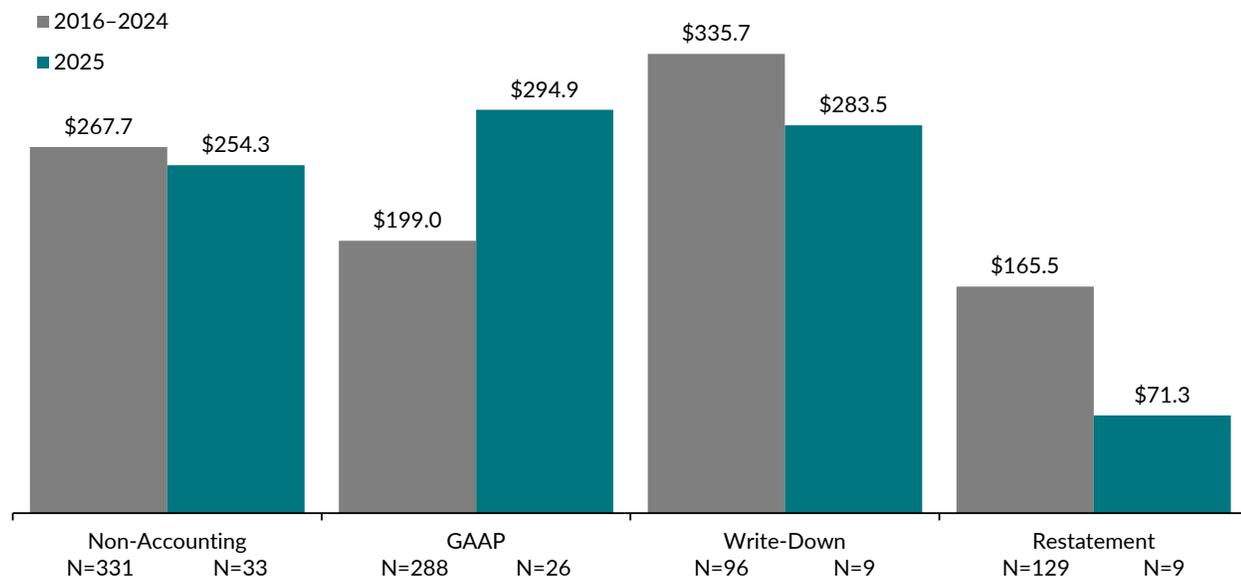
Median plaintiff-style damages for 2025 accounting case settlements involving write-downs decreased by 87% from 2024, the highest decline per annum since tracking of this metric began.

Median plaintiff-style damages for accounting case settlements involving restatements was 57% lower in 2025 compared to its 2016–2024 historical average.

Accounting case settlements with related-party disclosure allegations resulted in median plaintiff-style damages of \$623.1 million in 2025, over 13 times greater than 2024 (\$42.2 million) and the highest among all types of alleged GAAP violations in 2025.

*In 2025, median plaintiff-style damages for accounting case settlements with GAAP violations reached the second-highest level in the last 10 years.*

**Figure 19: Median Plaintiff-Style Damages for Settled Cases by Case Type**  
(Dollars in millions)



Note: Plaintiff-style damages are adjusted for inflation based on class period end dates; 2025 dollar equivalent figures are presented. This analysis is limited to cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

### Median Settlement Amounts

The median settlement amount for cases with alleged GAAP violations increased by 31% in 2025 as compared to 2024 and was 46% higher than the median settlement amount for the 2016–2024 period.

In 2025, accounting case settlements with alleged GAAP violations related to revenue recognition and asset valuation and/or impairment resulted in median settlement amounts of \$29.5 million and \$23 million, respectively, exceeding the median amount for all accounting cases with alleged GAAP violations.

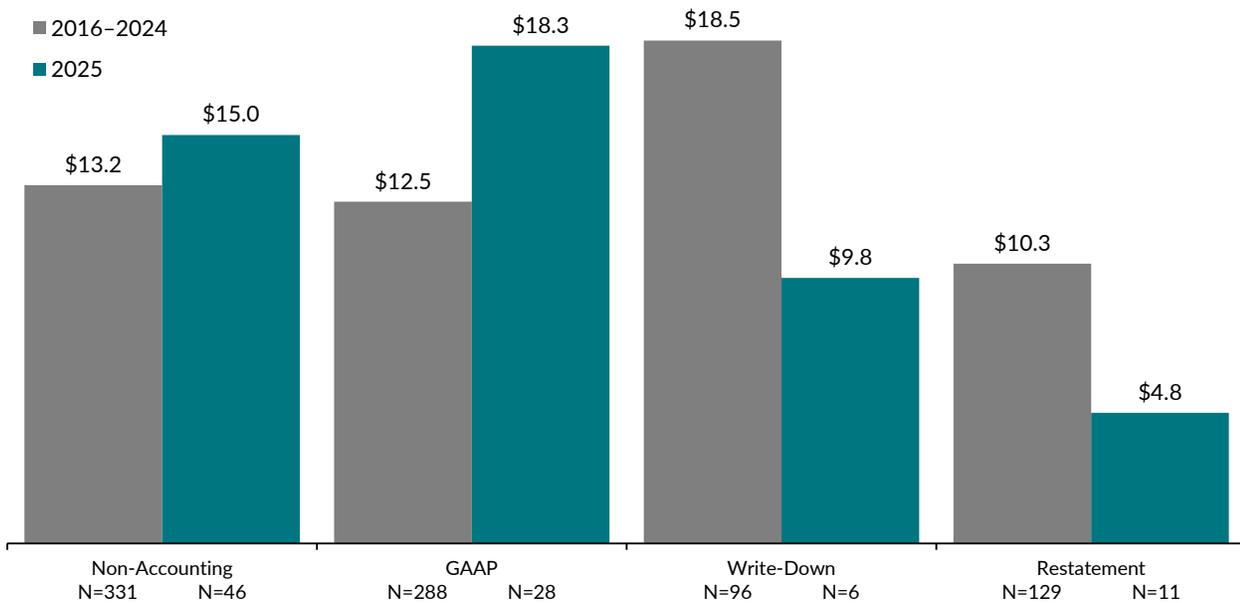
The median settlement amount for accounting cases in 2025 increased by over 47% as compared to 2016–2024, whereas the median settlement amount for non-accounting cases increased by 14% compared to 2016–2024.

*The 2025 median settlement amount for accounting cases with a restatement was over 50% lower than its 2016–2024 average.*

Following a sharp increase in 2024 (driven in part by a mega settlement), the median settlement amount for accounting cases involving a write-down decreased 83% in 2025, falling to 53% of the median settlement amount for the 2016–2024 period.

The median settlement amount for accounting case settlements that alleged internal control weaknesses more than doubled from \$4.6 million in 2024 to \$10.4 million in 2025.

**Figure 20: Median Settlement Amounts by Case Type**  
(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2025 dollar equivalent figures are presented. This analysis is limited to cases alleging Rule 10b-5 claims (whether alone or in addition to other claims).

### Median Settlements as a Percentage of Plaintiff-Style Damages

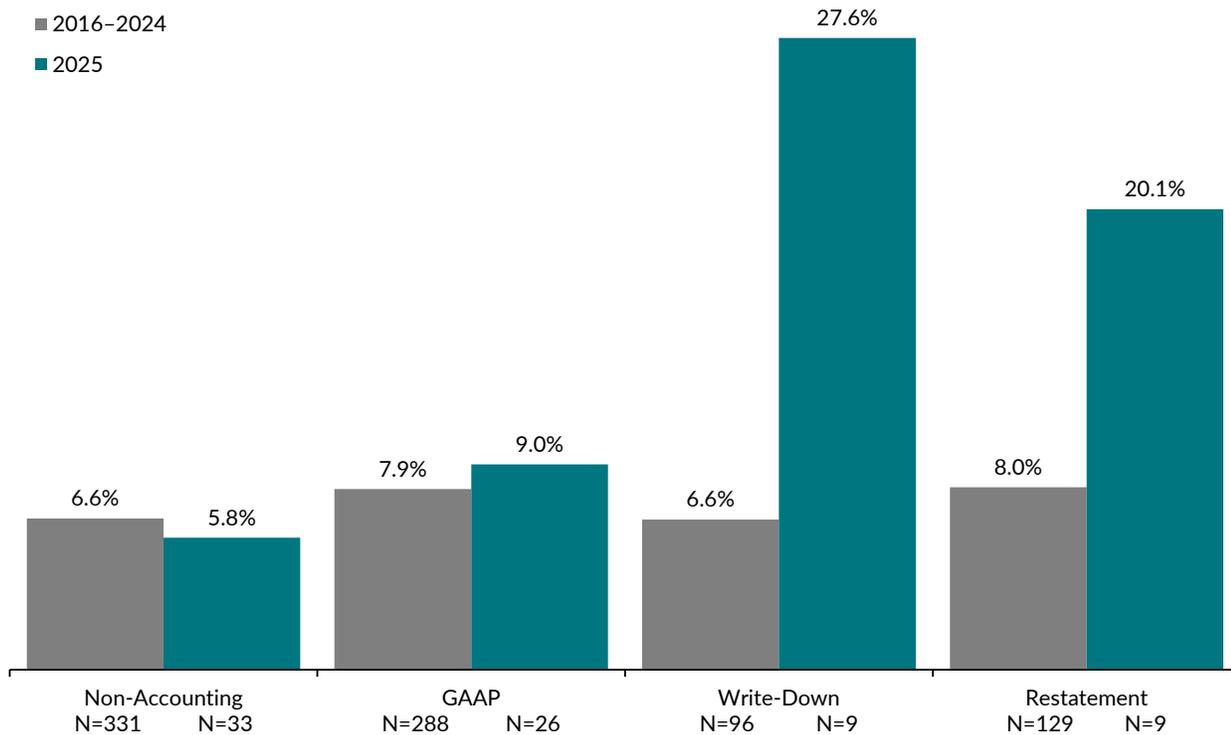
At 9.0% in 2025, the median settlement as a percentage of plaintiff-style damages for accounting case settlements with alleged GAAP violations was generally in line with its 2016–2024 median.

The median settlement as a percentage of plaintiff-style damages in restatement cases increased substantially from 7.7% in 2024 to 20.1% in 2025, the highest level in the past 10 years.

*The 2025 median settlement as a percentage of plaintiff-style damages for write-down cases was quadruple the historical median for 2016–2024.*

For accounting case settlements involving GAAP violations and allegations of internal control weaknesses, the median settlement as a percentage of plaintiff-style damages was 20.6% in 2025, an increase of 162% from 2024.

Figure 21: Median Settlements as a Percentage of Plaintiff-Style Damages by Case Type



Note: Settlement dollars are adjusted for inflation; 2025 dollar equivalent figures are presented. This analysis is limited to cases alleging Rule 10b-5 claims (whether alone or in addition to other claims)



# Research Sample

This report utilizes the data from the Securities Class Action Clearinghouse and Stanford Securities Litigation Analytics federal securities class action filings databases described in Cornerstone Research's [Securities Class Action Filings—2025 Year in Review](#), which is based on data as of January 9, 2026.

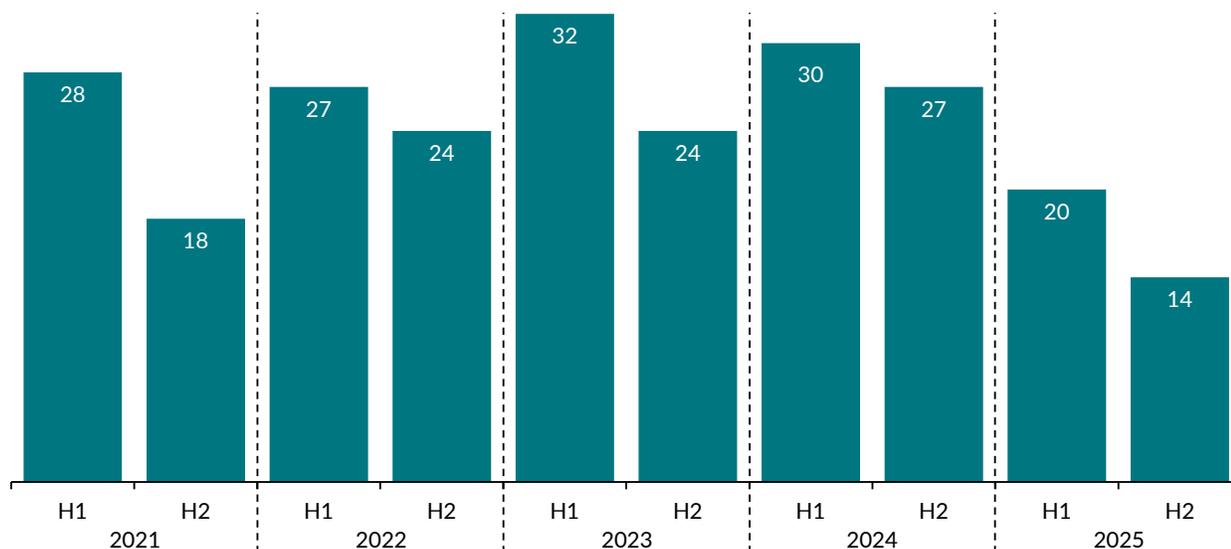
The securities class action settlements database is described in Cornerstone Research's [Securities Class Action Settlements—2025 Review and Analysis](#). As noted therein, settlements are identified based on a review of case activity collected by Securities Class Action Services LLC (SCAS). In addition to SCAS, data sources include Bloomberg, the Center for Research in Security Prices (CRSP) at University of Chicago Booth School of Business, LSEG Workspace, court filings and dockets, SEC registrant filings, SEC litigation releases and administrative proceedings, LexisNexis, Stanford Securities Litigation Analytics (SSLA), Securities Class Action Clearinghouse (SCAC), and public press.

# Endnotes

- <sup>1</sup> Securities class actions are considered “accounting case filings” or “accounting cases” if they involve allegations made in the first identified complaint (FIC) of U.S. Generally Accepted Accounting Principles (GAAP) violations or violations of other reporting standards (collectively, “GAAP violations”), auditing violations, or weaknesses in internal controls over financial reporting. In some cases, plaintiff(s) may not have expressly referenced GAAP or other reporting standards; however, the allegations, if true, would represent violations of GAAP or other reporting standards. Details of GAAP violations have been tracked since 2019.
- <sup>2</sup> “Pre-disclosure market capitalization” refers to a defendant firm’s market capitalization on the trading day immediately preceding the end of the class period.
- <sup>3</sup> References to a short-seller report in accounting case filings have been tracked since 2021.
- <sup>4</sup> Write-down cases are those with allegations involving an asset write-down, and restatement cases are those involving a restatement (or announcement of a restatement) of financial statements.
- <sup>5</sup> See [Securities Class Action Settlements—2025 Review and Analysis](#), Cornerstone Research (2026), page 6, for further discussion.
- <sup>6</sup> Plaintiff-style damages are calculated for cases that settled in 2014 or later, and account for the U.S. Supreme Court’s 2005 landmark decision in *Dura Pharmaceuticals Inc. v. Broudo*, 544 U.S. 336. Plaintiff-style damages are based on the stock-price movements associated with the alleged disclosure dates that are described in the settlement plan of allocation. See [Securities Class Action Settlements—2025 Review and Analysis](#), Cornerstone Research (2026), for further discussion.

# Appendices

## Appendix 1: Semiannual Accounting Case Filings 2021–2025



## Appendix 2: Accounting Case Filings by Industry (Dollars in millions)

Industry	Class Action Filings				Disclosure Dollar Loss Index®			
	Average 2016–2024	2023	2024	2025	Annual Average 2016–2024	2023	2024	2025
Consumer Non-Cyclical	15	10	13	7	\$11,783	\$9,591	\$12,825	\$2,201
Technology	9	9	10	6	\$8,303	\$11,476	\$9,362	\$1,056
Financial	10	10	9	8	\$9,970	\$17,123	\$8,950	\$1,489
Energy	4	2	9	1	\$3,415	\$485	\$1,006	\$94
Consumer Cyclical	8	10	7	4	\$6,279	\$7,285	\$11,481	\$202
Communications	5	5	5	1	\$6,437	\$32,547	\$1,643	\$995
Industrial	6	7	2	4	\$8,320	\$2,774	\$23	\$21,868
Other	3	3	2	3	\$1,717	\$0	\$0	\$210

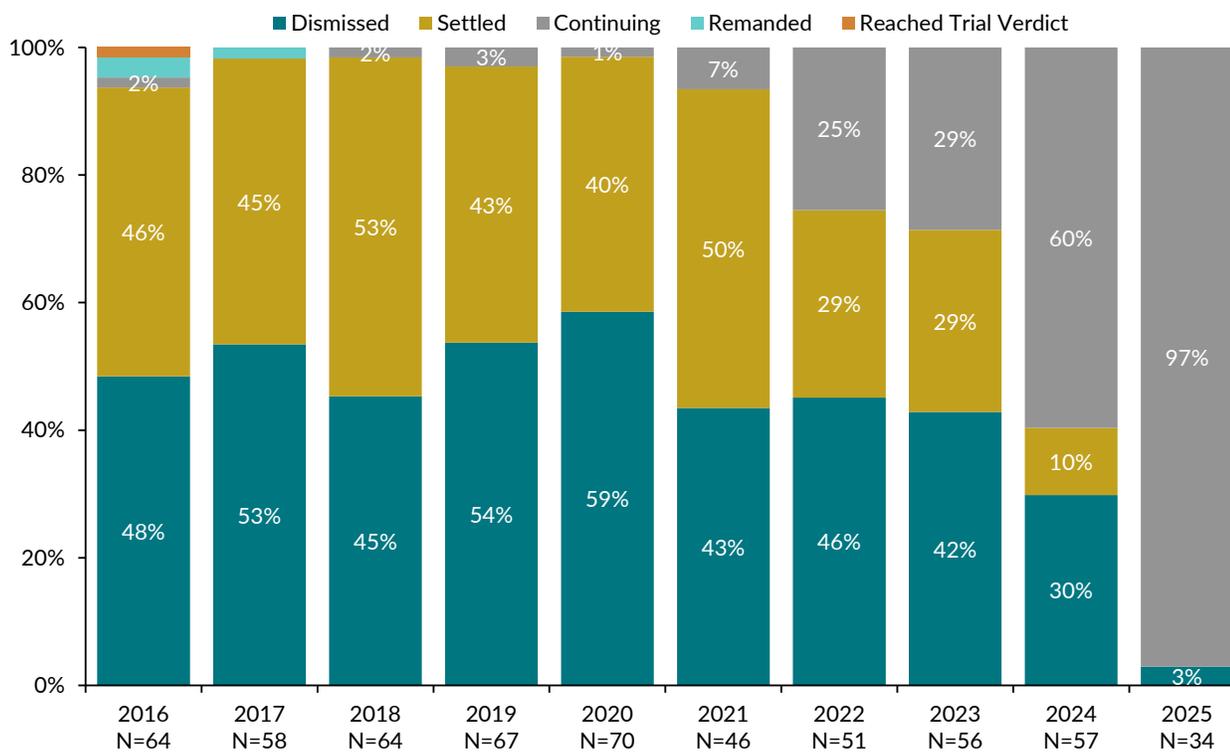
Note: Industries categorized as “Other” are Basic Materials and Utilities. Dollar values are adjusted for inflation; 2025 dollar equivalent figures are presented.

**Appendix 3: Accounting Case Filings by Circuit**  
(Dollars in millions)

Circuit	Accounting Case Filings				Disclosure Dollar Loss Index®			
	Average 2016-2024	2023	2024	2025	Annual Average 2016-2024	2023	2024	2025
First	1	1	0	0	(\$147)	\$302	\$0	\$0
Second	21	17	19	10	\$17,658	\$15,978	\$10,677	\$18,003
Third	6	8	4	5	\$5,067	\$5,442	\$5,131	\$403
Fourth	2	3	2	3	\$834	\$603	\$356	\$437
Fifth	3	1	2	5	\$2,864	\$85	\$1,492	\$1,421
Sixth	2	2	4	1	\$3,905	\$6,418	\$11,808	\$158
Seventh	2	1	3	2	\$6,596	\$65	\$9,268	\$6,000
Eighth	0	0	2	0	\$229	\$0	\$92	\$0
Ninth	16	18	16	4	\$17,752	\$50,730	\$7,602	\$1,525
Tenth	2	1	4	2	\$576	\$9	\$126	\$129
Eleventh	3	4	1	2	\$890	\$1,650	\$245	\$40

Note: Dollar values are adjusted for inflation; 2025 dollar equivalent figures are presented.

**Appendix 4: Status of Accounting Case Filings by Year**



### Appendix 5: Detail of GAAP Violations in Accounting Case Settlements

Allegations in Accounting Case Settlements	Percentage of Accounting Case Settlements with GAAP Violations		
	2023	2024	2025
Revenue Recognition	47%	27%	41%
Asset Valuation/Impairment	60%	33%	48%
Liability/Contingencies Valuation	13%	37%	21%
Related-Party Disclosures	13%	10%	10%
Other	37%	17%	14%

Note: Percentages may not sum to 100% because settlements may include multiple allegations.

### Appendix 6: Accounting Case Settlements by Settlement Size (Dollars in millions)

Settlement Size	Average Time to Settle (in Years)				Median Settlement Amount			
	2016–2024	2023	2024	2025	2016–2024	2023	2024	2025
Small (<\$10 million)	2.9	3.4	2.9	2.7	\$4.1	\$4.9	\$3.1	\$2.5
Medium (\$10–\$50 million)	3.6	4.7	3.4	4.6	\$23.4	\$21.3	\$28.2	\$29.5
Large (\$50–\$100 million)	5.1	4.3	5.4	6.8	\$85.9	\$81.9	\$83.2	\$84.5
Mega (>\$100 million)	4.8	4.5	7.7	6.0	\$288.6	\$250.1	\$445.7	\$138.8

Note: Dollar values are adjusted for inflation; 2025 dollar equivalent figures are presented.

### Appendix 7: Accounting Case Settlements by Industry (Dollars in millions)

Industry	Number of Settlements				Median Settlement Amount			
	Average 2016–2024	2023	2024	2025	2016–2024	2023	2024	2025
Consumer Non-Cyclical	9	10	8	8	\$14.3	\$14.3	\$11.9	\$12.6
Industrial	4	1	3	4	\$10.1	\$13.2	\$14.1	\$9.5
Technology	4	6	6	6	\$9.7	\$7.5	\$20.3	\$11.4
Other	5	1	1	4	\$12.8	\$182.9	\$21.6	\$31.4
Consumer Cyclical	4	5	5	2	\$7.7	\$7.9	\$2.8	\$24.9
Financial	7	7	8	4	\$22.7	\$15.9	\$3.7	\$11.0
Communications	4	4	2	3	\$10.7	\$27.5	\$2.5	\$29.5
Energy	2	1	2	4	\$17.6	\$31.7	\$53.9	\$74.7

Note: Industries categorized as “Other” are Basic Materials, Diversified, and Utilities. Dollar values are adjusted for inflation; 2025 dollar equivalent figures are presented.

**Appendix 8: Accounting Case Settlements by Circuit**  
(Dollars in millions)

Circuit	Number of Settlements				Median Settlement Amount			
	Average 2016-2024	2023	2024	2025	2016-2024	2023	2024	2025
1	1	0	3	0	\$26.7	\$0.0	\$30.8	\$0.0
2	13	11	7	10	\$9.6	\$6.9	\$3.6	\$14.6
3	4	2	4	5	\$16.0	\$21.1	\$31.1	\$8.1
4	1	0	3	1	\$29.7	\$0.0	\$30.8	\$40.0
5	3	2	2	3	\$12.4	\$18.5	\$53.9	\$40.0
6	2	5	1	1	\$18.5	\$18.5	\$14.1	\$17.1
7	2	3	0	0	\$16.9	\$182.9	\$0.0	\$0.0
8	0	1	0	1	\$10.9	\$5.3	\$0.0	\$85.0
9	9	8	9	9	\$9.3	\$18.5	\$3.1	\$11.0
10	1	2	1	2	\$8.0	\$55.2	\$21.6	\$34.0
11	2	1	4	1	\$21.8	\$63.4	\$18.4	\$8.0
DC	0	0	0	0	\$9.3	\$0.0	\$0.0	\$0.0
State	1	0	1	2	\$8.8	\$0.0	\$12.3	\$7.9

Note: Dollar values are adjusted for inflation; 2025 dollar equivalent figures are presented.

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