



CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Accounting Class Action Filings and Settlements

2023 Review and Analysis

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Executive Summary

During 2023, plaintiffs filed more securities class actions involving accounting allegations than in 2022, but the time it took to file those cases was the longest in the past 10 years. Although the total Disclosure Dollar Loss (DDL) for all securities class action filings declined by 44% in 2023, DDL for accounting cases more than doubled.

In 2023, the total value of settlements involving accounting allegations increased compared to 2022, despite a decline in the number of settlements. However, unlike settled cases not involving accounting allegations in 2023, there was a significant reduction in the size of issuer defendants in settled accounting cases.

- There were 56 securities class action filings involving accounting allegations (“accounting case filings” or “accounting cases”) during 2023. This is an increase of nearly 10% compared to 2022.¹ (page 2)
- The median number of days between the end of the class period and accounting case filing date (“filing lag”) increased substantially for the second consecutive year and, at 43 days, was the longest in the past 10 years. (page 4)
- The median pre-disclosure market capitalization of issuer defendants in 2023 accounting case filings was \$719.3 million, the smallest in the last 10 years.² (page 8)
- There were three accounting case filings in 2023 with a DDL of at least \$5 billion (mega DDL cases). The three mega DDL cases accounted for approximately half of the total DDL of accounting cases in 2023. (page 5)
- There were 35 securities class action settlements involving accounting allegations (“accounting case settlements”) in 2023, a decrease of almost 19% compared to 2022. (page 12)
- The median settlement amount in 2023 decreased slightly (by 7.1%) compared to 2022 (see Figure 1).
- The total value of accounting case settlements increased 11.4% in 2023, though it still remained below the 2014–2022 average. (page 13)
- The size of Issuer defendants in accounting cases settled in 2023, as measured by median total assets, decreased by 70% over the prior year. (page 15)
- The median settlement time of 4.2 years in 2023 marked the longest duration for all post-Reform Act accounting case settlements. (page 12)

Figure 1: Filings and Settlements Summary Statistics

(Dollars in millions)

	Accounting Cases		Non-Accounting Cases	
	2022	2023	2022	2023
Filings Summary				
Total Number of Filings	51	56	139	151
Total Disclosure Dollar Loss (DDL)	\$30,589	\$76,877	\$567,911	\$255,458
Settlements Summary				
Number of Settlements	43	35	62	48
Total Settlement Value	\$1,434	\$1,598	\$2,541	\$2,330
Median Settlement	\$16.1	\$15.0	\$9.4	\$14.5
Average Settlement	\$33.3	\$45.7	\$41.0	\$48.5

Note: Dollar values are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Filings

Accounting Case Filings

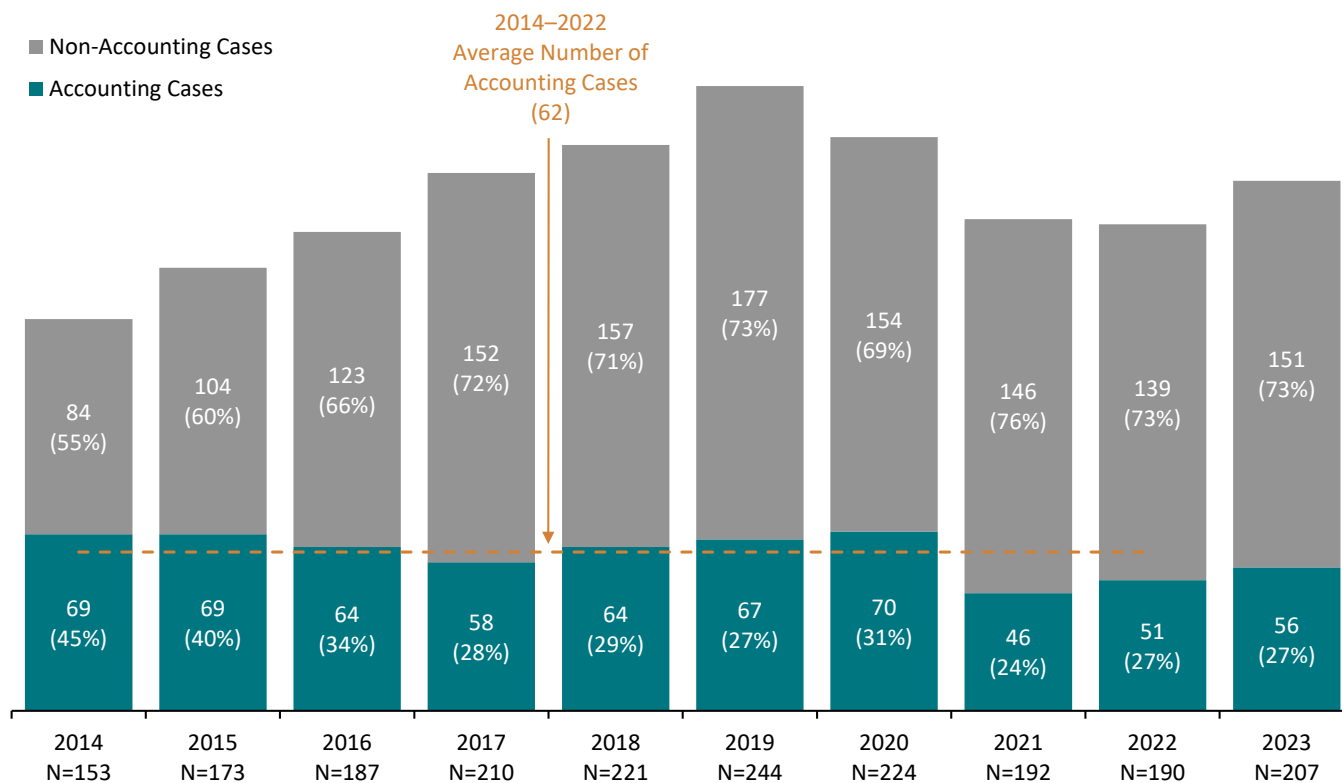
This report focuses on federal securities class action filings containing Rule 10b-5, Section 11, or Section 12(a) claims, referred to as “core” filings.³

- In 2023, the number of accounting case filings increased for the second consecutive year.
- Despite an increase in accounting case filings in 2023, the number of accounting case filings remained below historical levels.

- Accounting case filings with auditor defendants have been infrequent in recent years. In 2023, there were four such filings, two of which involved Critical Audit Matters allegations⁴, and three of which occurred in the first half of the year.

In 2023, the number of accounting case filings rose by almost 10% from 2022.

Figure 2: Accounting Case Filings as a Percentage of Total Filings 2014–2023



Claims and Allegations in Accounting Case Filings

- The share of accounting case filings with Section 12(a) claims reached a five-year high of 7%.
- In 2023, 16% of accounting case filings involved only allegations of weaknesses in internal controls, the highest level in five years.
- The percentage of accounting case filings in 2023 including only allegations of GAAP violations fell to 38%, the lowest level since 2019.
- The share of accounting case filings in 2023 involving allegations of both GAAP violations and weaknesses in internal controls increased to 46% from a low of 33% in 2021.

Revenue recognition continued to be the most common GAAP violation alleged in 2023.

- In 2023, more than half of the asset valuation/impairments category of GAAP violations included allegations related to inventory.
- The percentage of accounting case filings with related party disclosure allegations fell from a high of 19% in 2020 to a five-year low of 4% in 2023.

Figure 3: Claims and Allegations in Accounting Case Filings 2019–2023

	Percentage of Filings				
	2019	2020	2021	2022	2023
Claims in Accounting Case Filings					
Rule 10b-5 Claims	99%	93%	100%	96%	98%
Section 11 Claims	6%	7%	7%	12%	11%
Section 12(a) Claims	3%	3%	2%	6%	7%
Allegations in Accounting Case Filings					
GAAP Violations Only	33%	41%	61%	51%	38%
Internal Control Weaknesses Only	12%	14%	6%	10%	16%
Both GAAP Violations and Internal Control Weaknesses	55%	45%	33%	39%	46%
Detail of GAAP Violations					
Revenue Recognition	19%	37%	41%	35%	27%
Asset Valuation/Impairments	31%	26%	24%	16%	20%
Liability/Contingencies Valuation	13%	16%	15%	24%	16%
Related Party Disclosures	7%	19%	15%	16%	4%
Other	24%	23%	22%	29%	29%

Note: The percentages may not sum to 100% because complaints may include multiple allegations. **GAAP Violations** are allegations made in the first identified complaint (FIC) of U.S. GAAP violations or violations of other reporting standards such as IFRS. In some lawsuits, plaintiff(s) may not have expressly referenced violations of U.S. GAAP or other reporting standards; however, the allegations, if true, would represent violations of U.S. GAAP or other reporting standards.

Accounting Case Filing Lag

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

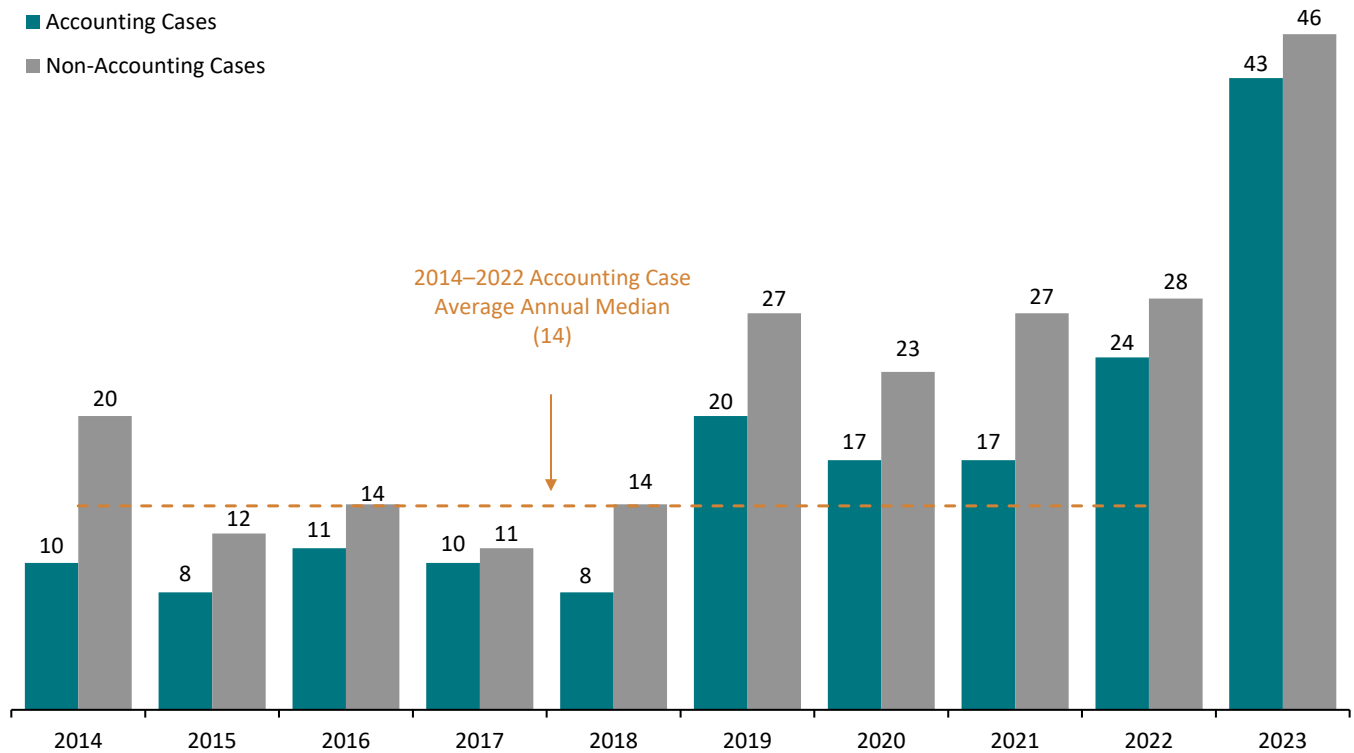
- Accounting cases are typically filed more promptly than non-accounting cases. In 2023, as in prior years, the median filing lag for accounting cases remained shorter than that for non-accounting cases. However, the difference in filing lags between non-accounting and accounting cases was the narrowest since 2017.

- In 2023, the median filing lag for accounting cases increased for the second year in a row and significantly exceeded the historical average.

In 2023, the median filing lag for accounting cases was 43 days, the longest in a decade.

Figure 4: Accounting Case Filings and Annual Median Lag between Class Period End Date and Filing Date 2014–2023

(Number of days)



Accounting Case Filings and Market Capitalization Losses

Disclosure Dollar Loss Index® (DDL Index®)

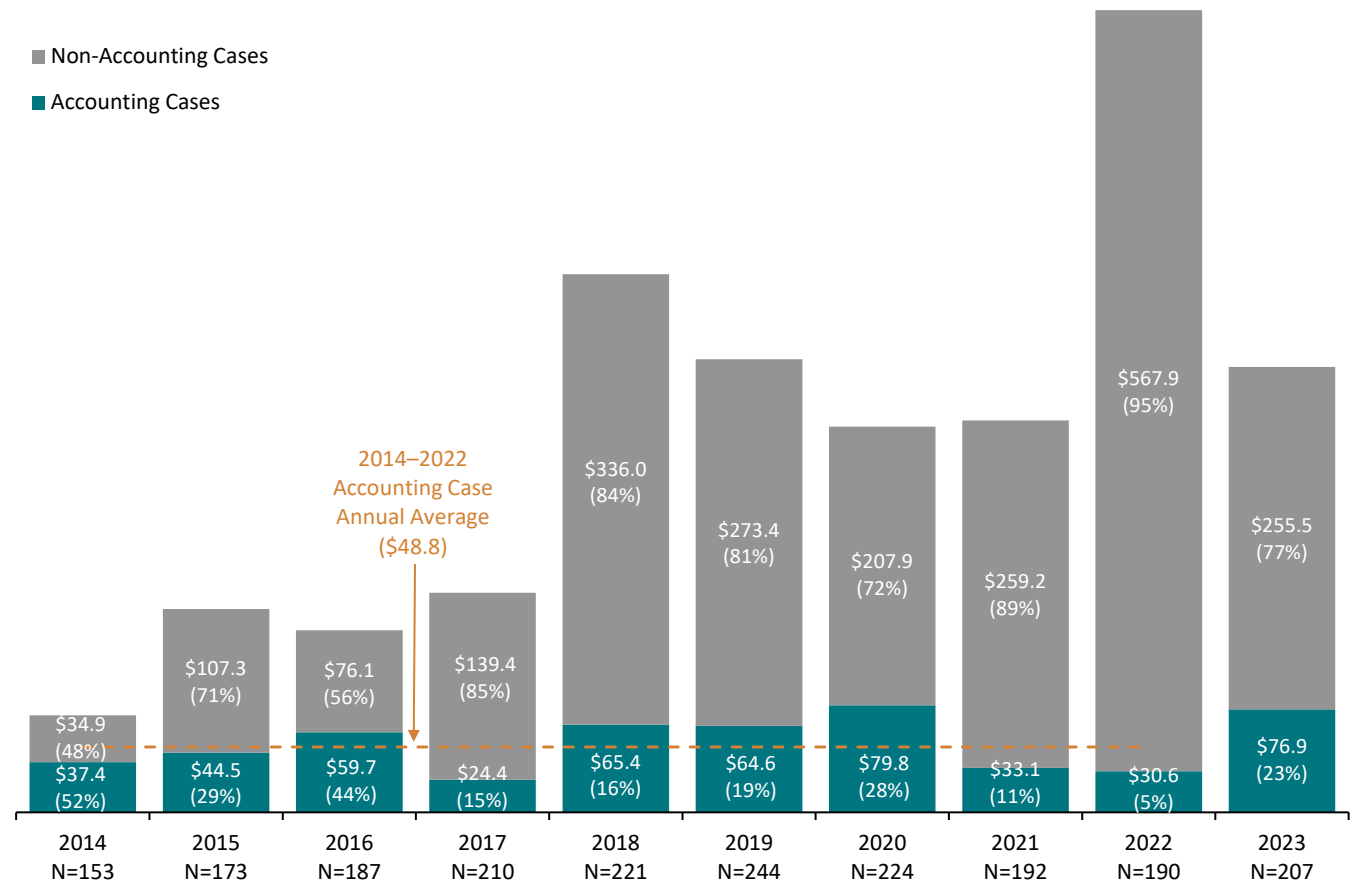
This index measures the aggregate annual DDL for all filings. DDL is the dollar-value change in the defendant firm’s market capitalization between the trading day immediately preceding the end of the class period (i.e., pre-disclosure market capitalization) and the trading day immediately following the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

- While total DDL for all securities class action filings declined by 44% in 2023, DDL for accounting cases more than doubled.
- In 2023, there were three accounting case filings with a DDL of at least \$5 billion (mega DDL cases). The three mega DDL cases accounted for approximately half of the total accounting DDL in 2023.
- At \$76.9 billion, the 2023 DDL Index for accounting cases was the second highest in the last 10 years.
- Despite first-half accounting case filings making up 57% of the total for 2023, they accounted for over 80% of the year’s total DDL for accounting cases.

The DDL Index for accounting case filings increased by 150% in 2023.

Figure 5: Accounting Case Filings and Disclosure Dollar Loss Index® (DDL Index®) 2014–2023

(Dollars in billions)



Note: DDL dollars are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Status of Accounting Case Filings

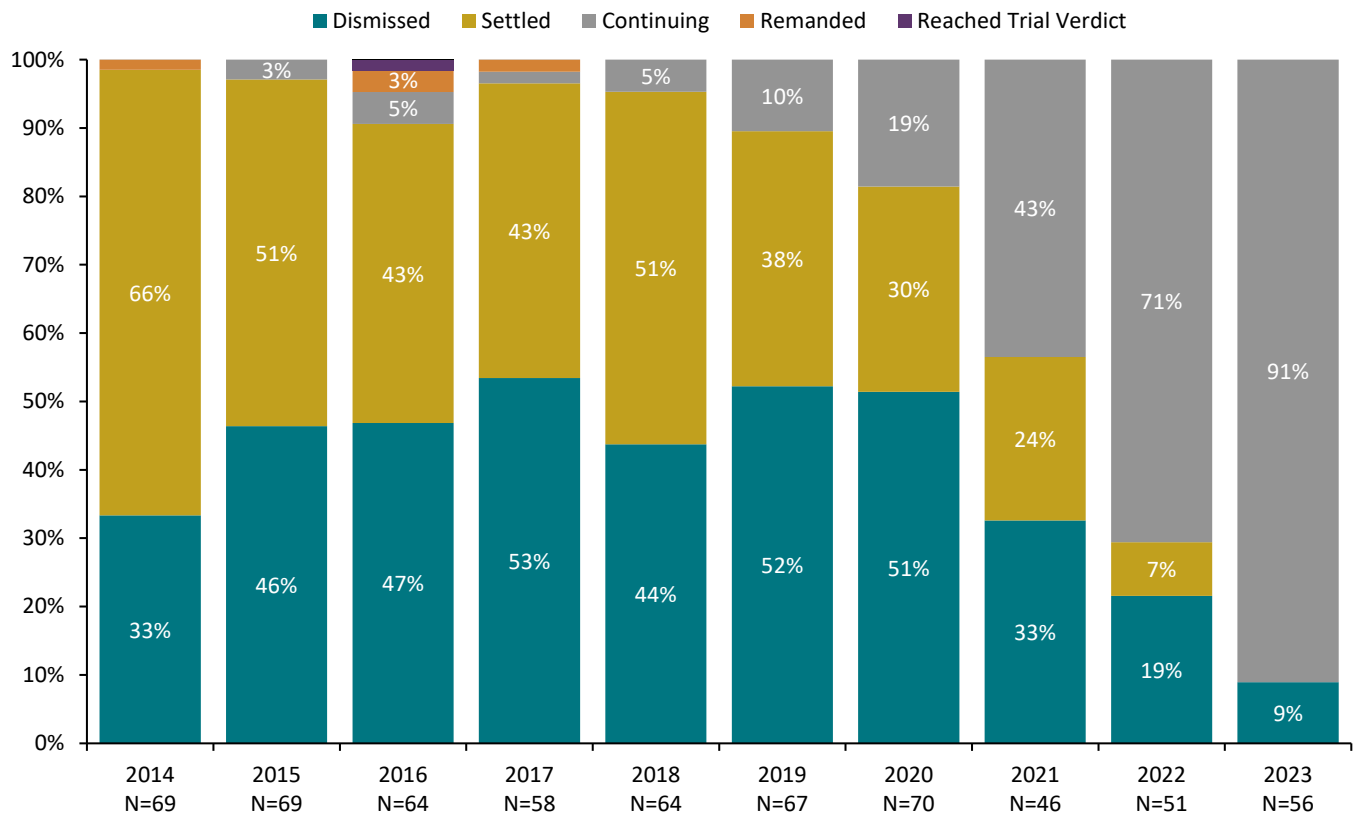
This analysis compares filing groups to determine whether filing outcomes have changed over time. As each cohort ages, a larger percentage of filings are resolved—whether through dismissal, settlement, remand, or trial verdict.

- From 2014 through 2022, 41% of accounting case filings were settled, 43% were dismissed, 1% were remanded, and 15% are continuing.
- While it is premature to establish the final dismissal rates for recent accounting cases, the current 33% dismissal rate for the 2021 cohort, after two years, is notably lower than that of previous cohorts at the same stage.

- Accounting cases filed from 2014 through 2022 were 31% more likely to settle than non-accounting cases.

Accounting cases filed from 2014 through 2022 were approximately 12% less likely to be dismissed as compared to non-accounting cases.

Figure 6: Status of Accounting Case Filings by Year 2014–2023



Timing of Dismissals of Accounting Case Filings

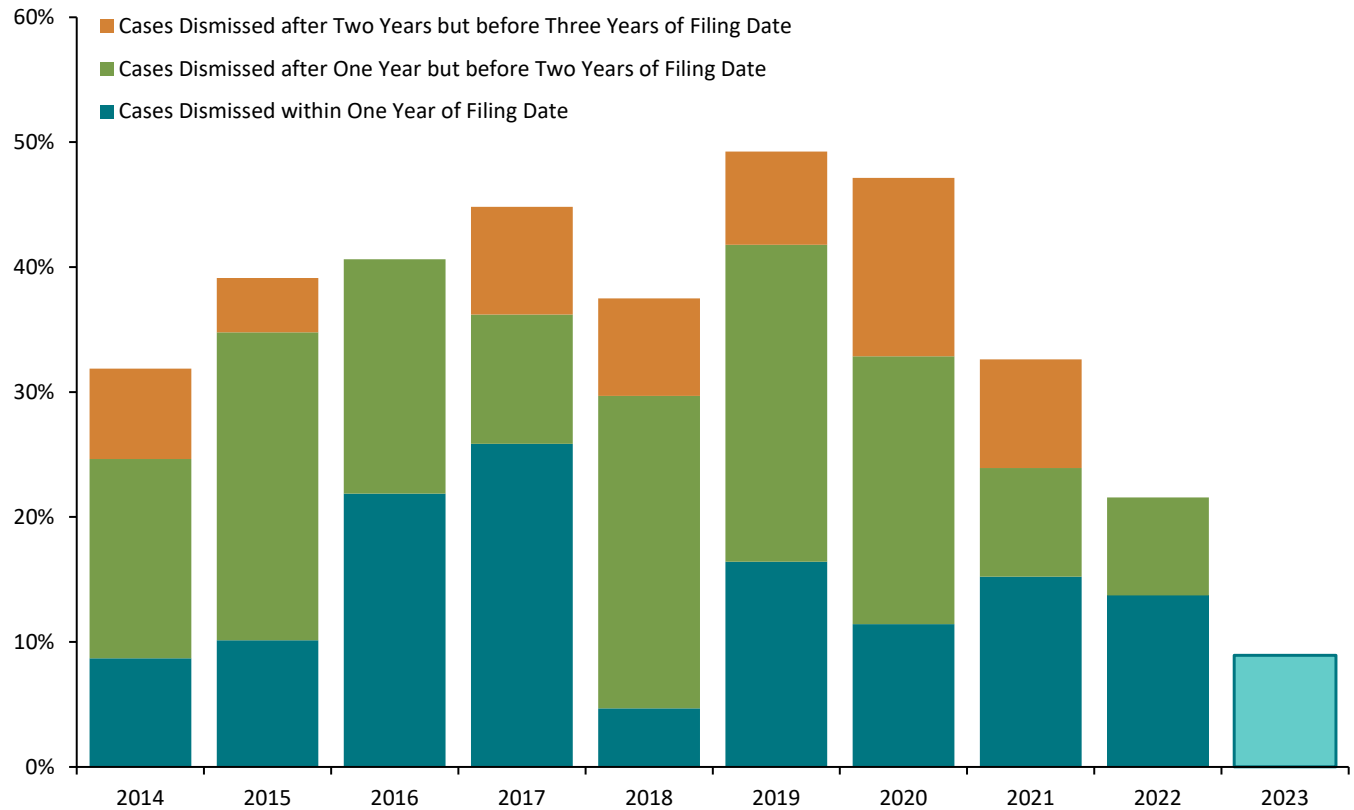
This analysis examines dismissal trends within the first three years of the filing of a class action to gain insight on recent accounting case dismissal rates across cohorts.

- On average, the dismissal rate for accounting cases from 2014 through 2022 was 14% in the first year after filing a complaint.
- The 2019 cohort has the highest dismissal rate after three years (49%) of any cohort between 2014 and 2020.
- One of the three mega DDL accounting cases in 2023 has been dismissed, while the other two are ongoing.

- On average, accounting cases filed from 2014 through 2022 were 6% less likely to be dismissed in the first year after filing a complaint than non-accounting cases.

The first year dismissal rate of 2023 accounting case filings was 36% lower than the average first year dismissal rate over the last 10 years.

Figure 7: Percentage of Accounting Case Filings Dismissed within Three Years of Filing Date 2014–2023



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 2023 indicates the percentage of accounting cases dismissed through the end of 2023. The outlined bar therefore presents only partial-year observed resolution activity, whereas its counterparts in earlier years show an entire year.

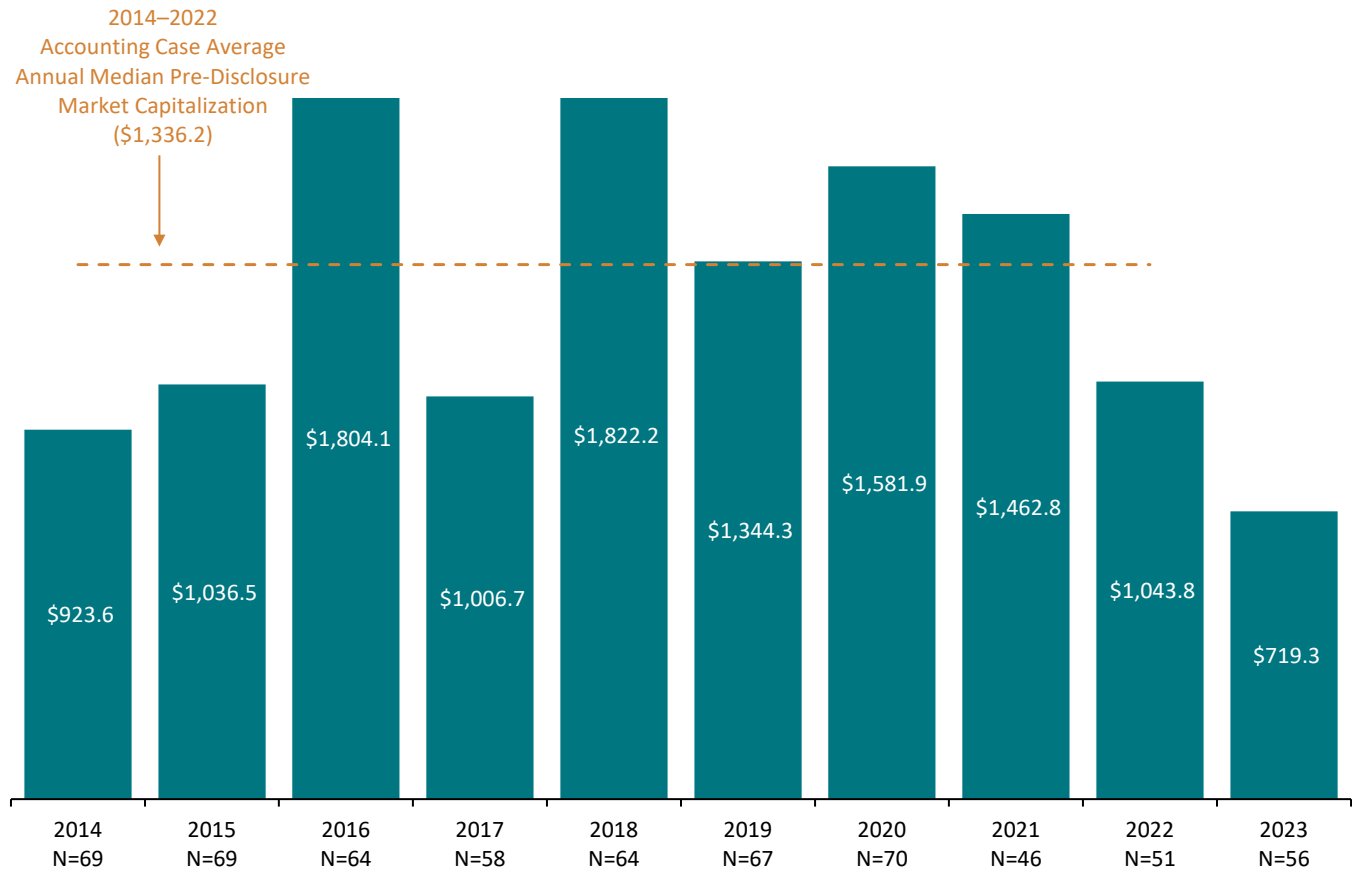
Accounting Case Filings by Firm Size

- Since 2014, 2023 is the first year that the median pre-disclosure market capitalization for issuer defendants in accounting case filings has not exceeded \$1 billion.
- At \$719 million, the issuer defendant’s median pre-disclosure market capitalization in 2023 accounting case filings was 46% less than the 2014–2022 average.
- At the end of the year, all but two of the 2023 accounting case filings against the 20 largest issuer defendants remained ongoing.
- Seven out of the top 10 accounting case filings in 2023, based on pre-disclosure market capitalization of the issuer defendants, were filed in the first half of the year.

The median pre-disclosure market capitalization of issuer defendants in 2023 accounting case filings was the lowest in the last 10 years.

Figure 8: Accounting Case Filings and Median Pre-Disclosure Market Capitalization of Issuer Defendants 2014–2023

(Dollars in millions)



Note: Pre-disclosure market capitalization dollars are adjusted for inflation; 2023 dollar-equivalent figures are presented.

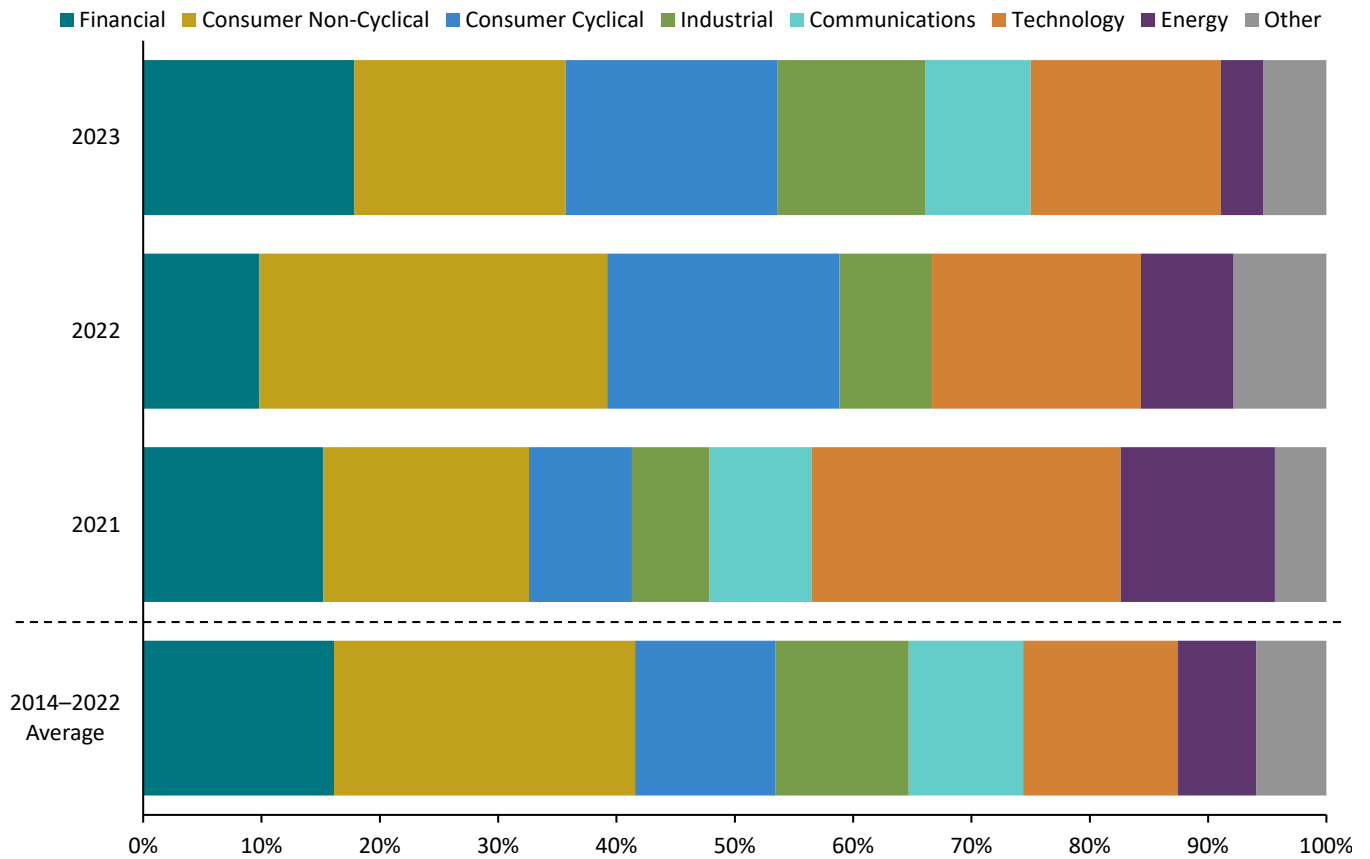
Accounting Case Filings by Industry

- Accounting case filings in the Consumer Non-Cyclical and Consumer Cyclical sectors combined comprised over one third of total accounting case filings in 2023.
- In 2023, 70% of the accounting case filings in the Financial sector took place in the first half of the year
- While there were no accounting case filings in the Communications sector in 2022, there were five such filings in 2023. These accounting case filings comprised only 9% of total accounting case filings in 2023 but 40% of total DDL.
- The DDL for accounting case filings in the Financial sector increased by more than ten-fold in 2023 compared to 2022.

Accounting case filings in the Financial sector doubled in 2023, returning to a level consistent with the historical average.

- The DDL for accounting case filings in the Consumer Cyclical sector more than quadrupled in 2023 compared to 2022 despite having the same number of accounting case filings each year.

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



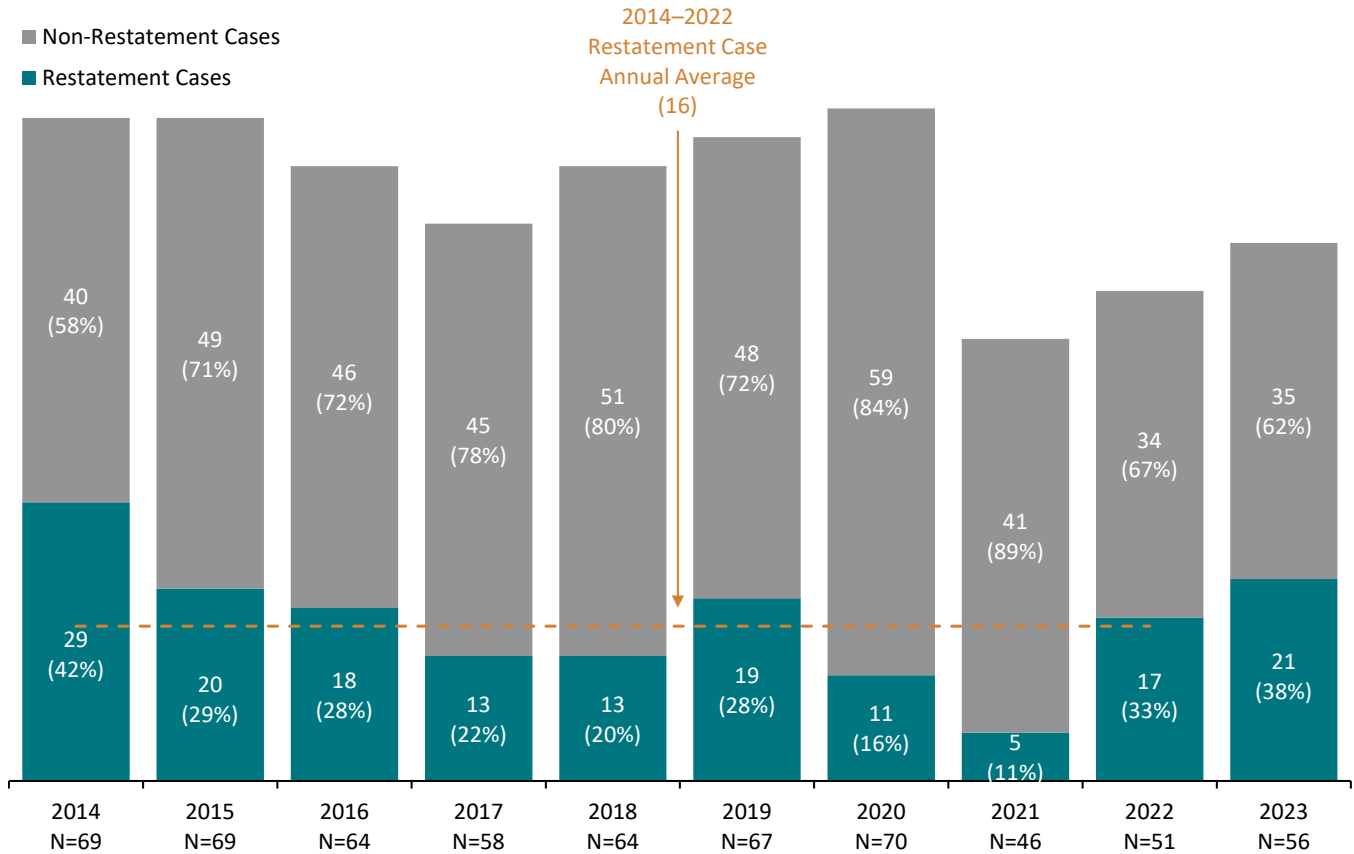
Note: Industries that comprise “Other” are Basic Materials and Utilities.

Accounting Case Filings Involving Restatements

- Accounting case filings involving financial statement restatements increased in 2023 for the second consecutive year.
- In 2023, over 85% of the accounting case filings involving a restatement also included allegations of internal control weaknesses, the third-highest level in the last 10 years.
- The number of accounting case filings in 2023 involving restatements reached its highest level since 2014; however, the DDL for these case filings was at its third-lowest level in the last 10 years, reaching less than 25% of the 2014–2022 average.

The number of accounting case filings involving restatements in 2023 reached its second highest level in the last 10 years both by total and as a percentage of accounting cases.

Figure 10: Accounting Case Filings Involving Restatements 2014–2023

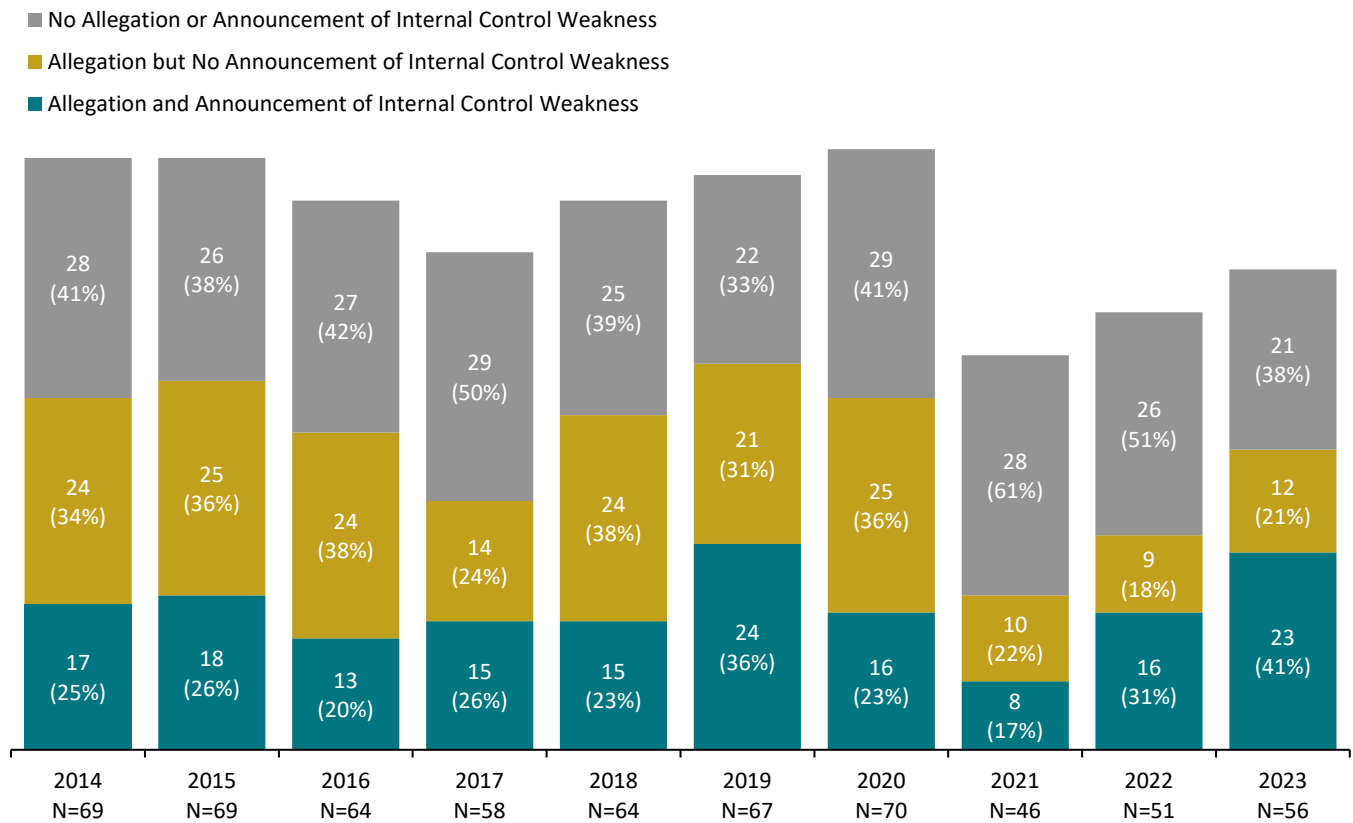


Accounting Case Filings Involving Allegations of Internal Control Weaknesses

- The number of accounting case filings in 2023 containing allegations of internal control weaknesses increased by 40% compared to 2022 and returned to pre-2021 levels.
- The percentage of accounting case filings without internal control weakness allegations (38%) was lower in only one prior year in the last 10 years.
- Accounting case filings in 2023 containing allegations of internal control weaknesses involved the smallest defendant firms in the last 10 years, as measured by pre-disclosure market capitalization.

While over 60% of accounting case filings in 2023 contained an allegation of internal control weaknesses, the DDL of these cases comprised only a quarter of total accounting case DDL.

Figure 11: Accounting Case Filings Involving Allegations of Internal Control Weaknesses 2014–2023



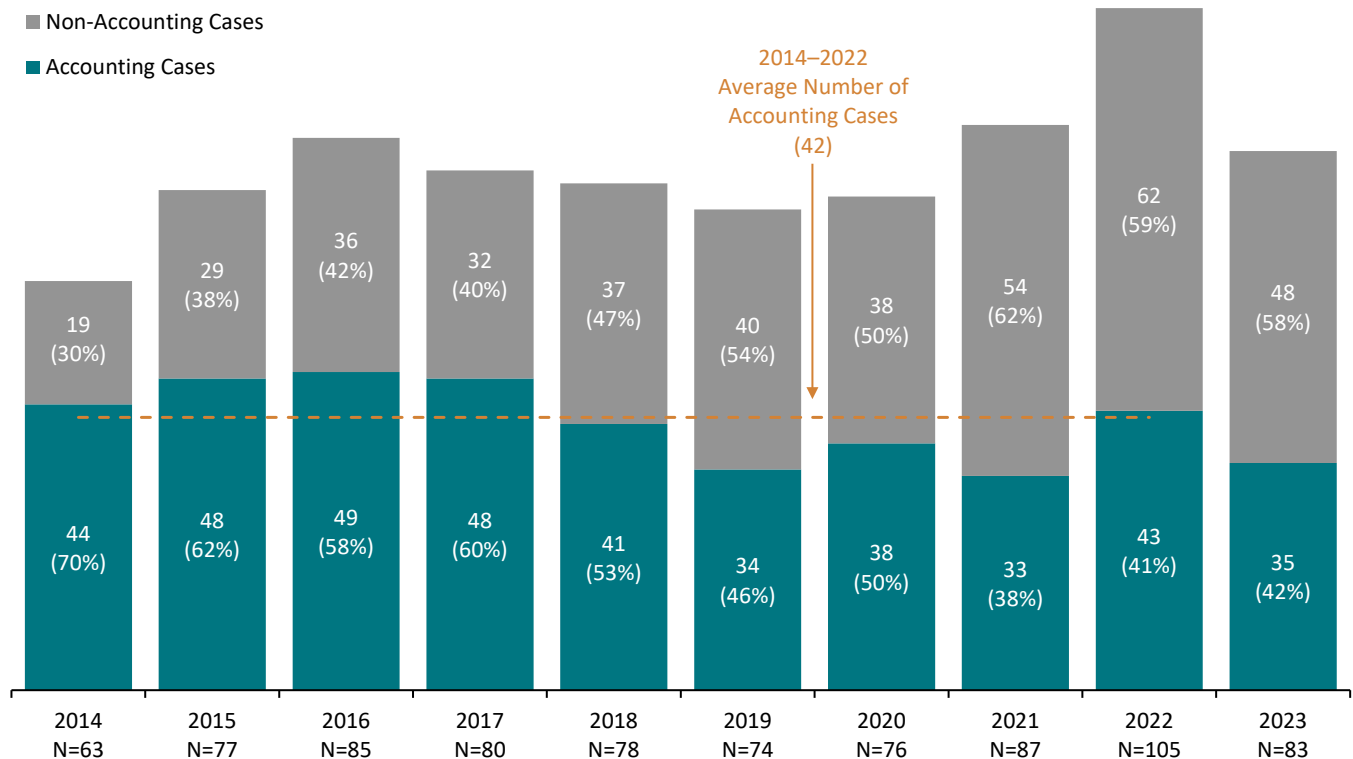
Settlements

Accounting Case Settlements

- Compared to 2022, the number of settled accounting cases decreased by almost 19% in 2023, and at 35 settlements fell well below the average for the prior nine years. Indeed, over the last 20 years, fewer accounting case settlements were observed only twice.
- The time from filing to settlement for accounting cases peaked in 2023. Specifically, the average time to settlement was the longest since 2015, while the median time to settlement was the longest for post-Reform Act settled accounting cases (4.2 years).
- Accounting cases settled at more advanced litigation stages in 2023 than non-accounting cases. In particular, 54% of non-accounting cases were settled before the motion for class certification was filed, compared to only 37% of accounting cases.

Though the number of accounting case settlements fell, the proportion of accounting case settlements among all class action settlements remained in line with 2022.

Figure 12: Accounting Case Settlements as a Percentage of Total Settlements 2014–2023



Accounting Case Settlement Value

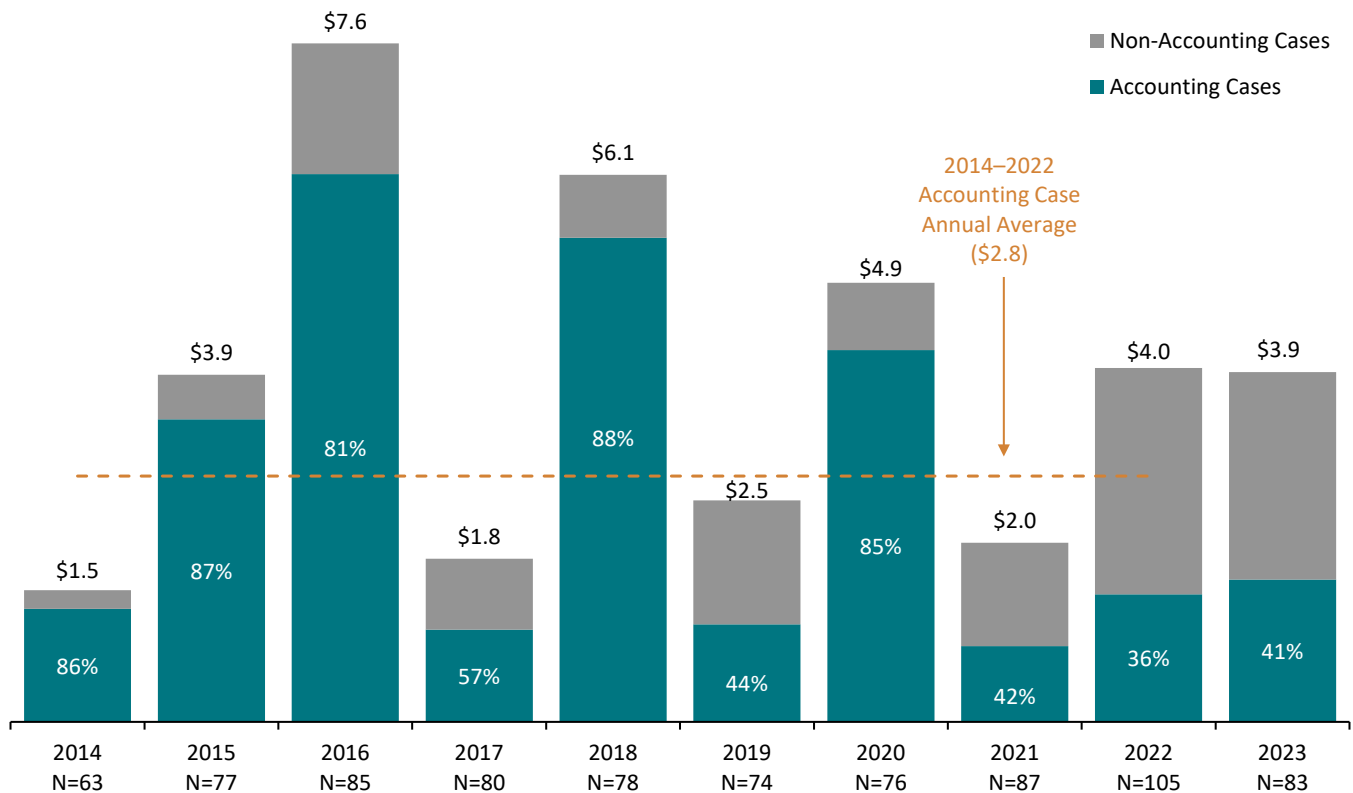
- While the number of accounting case settlements decreased from 2022 to 2023, their total value increased slightly from \$1.4 billion in 2022 to \$1.6 billion in 2023.
- The average settlement amount increased to \$45.7 million in 2023, compared to \$33.3 million in 2022. Four mega settlements (equal to or greater than \$100 million) contributed to the increase in this average, representing approximately 65% of the total value of all accounting case settlements.
- In contrast, the median settlement amount for accounting cases declined from \$16.1 million in 2022 to \$15.0 million in 2023. Medians provide the midpoint in a series of observations and are less affected than averages by outlier data.

The total value of accounting case settlements increased 11% compared to the previous year.

- In 2023, the distribution of accounting case settlement amounts shifted away from mid-range settlements (\$10–\$50 million), with offsetting increases in both small and large settlements. In particular, 46% of accounting cases settled for less than \$10 million in 2023, compared to only 28% in 2022. At the other end of the range, 20% of cases settled for more than \$50 million in 2023 compared to only 16% in 2022.
- Of the 35 accounting case settlements in 2023, 21 cases (or 60%) involved institutional investors as lead plaintiffs; such cases represented almost 90% of the total value of all accounting cases settled.

Figure 13: Accounting Case Settlement Dollars as a Percentage of Total Settlement Dollars 2014–2023

(Dollars in billions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Claims and Allegations in Accounting Case Settlements

- Compared to the last few years, the proportion of accounting case settlements involving Section 11 claims declined substantially in 2023.
- In 2023, the percentage of settlements with Rule 10b-5 Claims was higher for accounting cases than for non-accounting cases (97% and 81%, respectively).
- Over 85% of accounting cases settled in 2023 involved only Rule 10b-5 allegations, while 3% involved only Section 11 allegations, and 11% included both.

In 2023, accounting case settlements with alleged GAAP violations but no allegations of internal control weaknesses reached a five-year peak.

- Of the 15 accounting case settlements that involved alleged GAAP violations without an internal control weakness, only one involved a restatement.

Figure 14: Claims and Allegations in Accounting Case Settlements 2019–2023

	Percentage of Settlements				
	2019	2020	2021	2022	2023
Claims in Accounting Case Settlements					
Rule 10b-5 Claims	97%	92%	88%	98%	97%
Section 11 Claims	6%	29%	30%	23%	14%
Section 12(a) Claims	3%	16%	21%	14%	11%
Allegations in Accounting Case Settlements					
GAAP Violations Only	26%	26%	18%	40%	43%
Internal Control Weaknesses Only	15%	16%	21%	16%	14%
Both GAAP Violations and Internal Control Weaknesses	59%	58%	61%	44%	43%

Note: **GAAP Violations** are allegations of U.S. GAAP violations or violations of other reporting standards such as IFRS. In some lawsuits, plaintiff(s) may not have expressly referenced violations of U.S. GAAP or other reporting standards; however, the allegations, if true, would represent violations of U.S. GAAP or other reporting standards. Allegations are based on the most recent complaint prior to settlement.

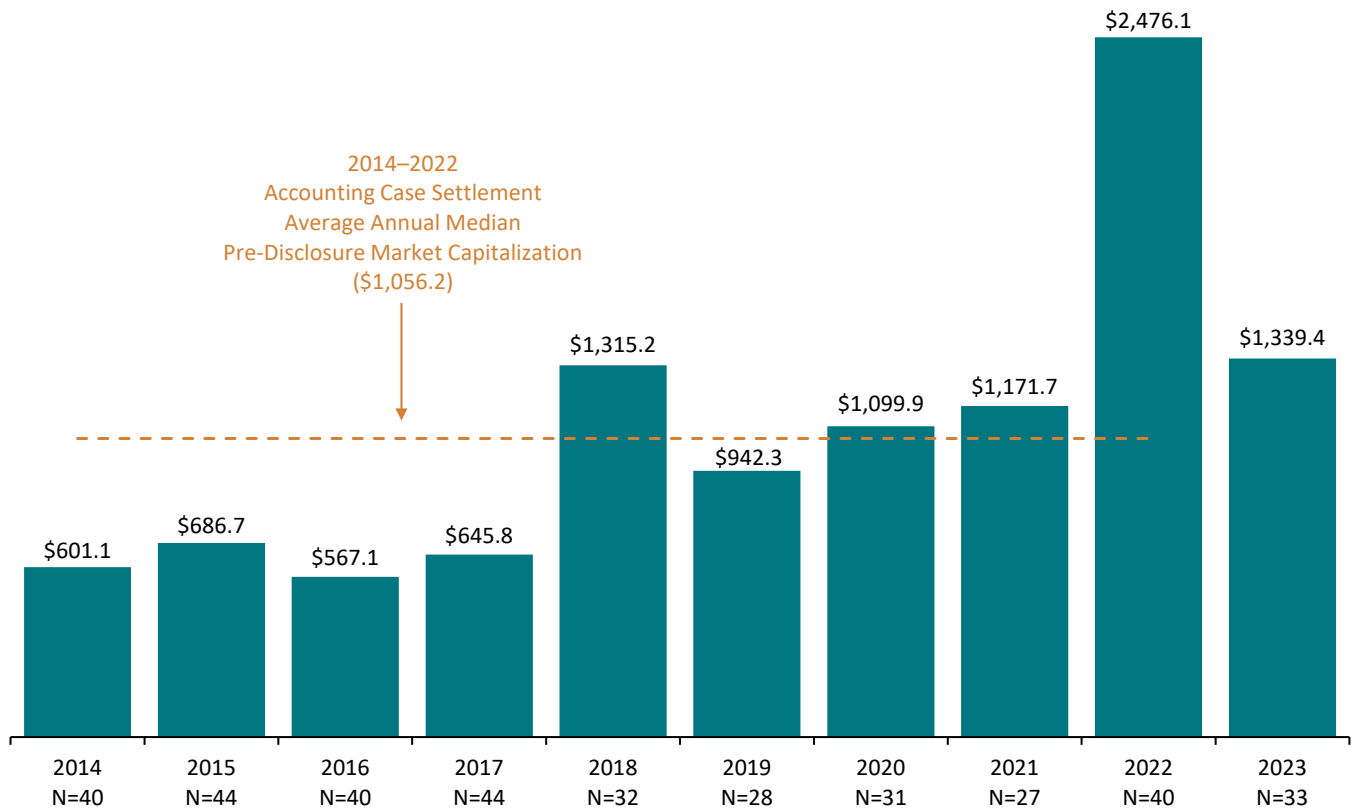
Accounting Case Settlements by Firm Size

- Although the median pre-disclosure market capitalization of issuer defendants in 2023 accounting case settlements fell substantially from the prior year, it remained above the average annual median for 2014–2022.
- As measured by total assets, issuer defendant size for 2023 accounting case settlements also decreased dramatically, in a reversal to the increase that occurred in 2022.⁵ Specifically, median total assets of issuer defendants in accounting case settlements in 2023 fell by 70% relative to 2022, reaching the lowest level since 2017.
- Issuer defendant size is a proxy for the resources available to fund the settlement. Accordingly, the drop in issuer defendant pre-disclosure market capitalization and assets likely contributed to the decline in the median settlement amount for accounting cases settled in 2023.
- Issuer defendants in settled accounting cases in 2023 were also considerably smaller than those in settlements not involving accounting allegations. For example, median assets for issuer defendants in accounting case settlements in 2023 were \$1.4 billion, compared to \$3.7 billion for non-accounting cases.
- Median assets for issuer defendants were over 2.4 times larger in 2023 for accounting case settlements in which an institutional investor served as lead plaintiff.

The median pre-disclosure market capitalization of issuer defendants in accounting cases settled in 2023 decreased by over 45%.

Figure 15: Accounting Case Settlements and Median Pre-Disclosure Market Capitalization of Issuer Defendants 2014–2023

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar-equivalent figures are presented.

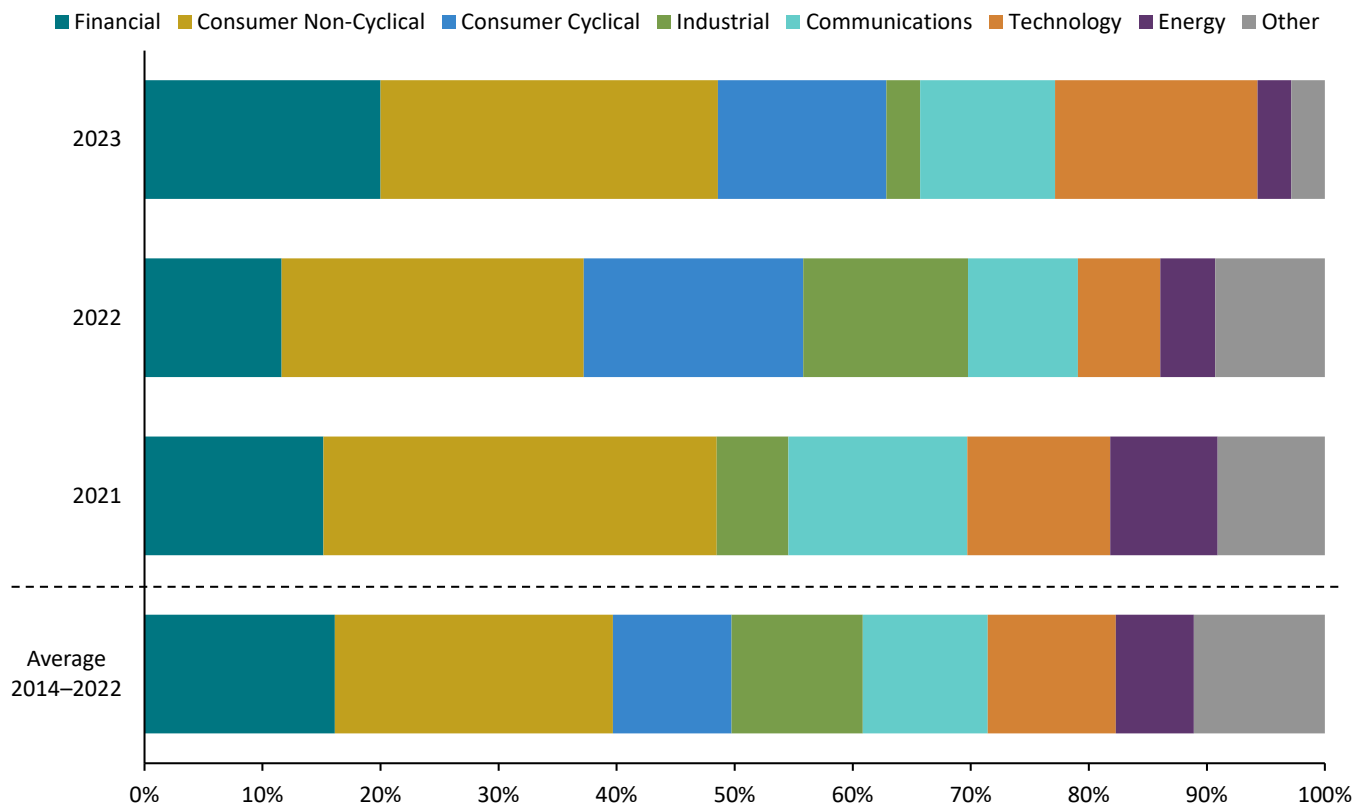
Accounting Case Settlements by Industry

- Consistent with the prior five years, the Consumer Non-Cyclical sector accounted for the largest percentage of accounting case settlements in 2023 (29%) with 10 of the total 35 cases.
- Two of the four mega accounting case settlements were in the Consumer Non-Cyclical sector and together represented 35% of the total value of all accounting case settlements in 2023.

The number of accounting case settlements in the Industrial sector fell to an all-time low.⁶

- In 2023, 17% of the accounting case settlements involved firms in the Technology sector. These cases settled for a lower median amount than cases involving other sectors (see Appendix 5).

Figure 16: Percentage of the Total Number of Accounting Case Settlements by Industry



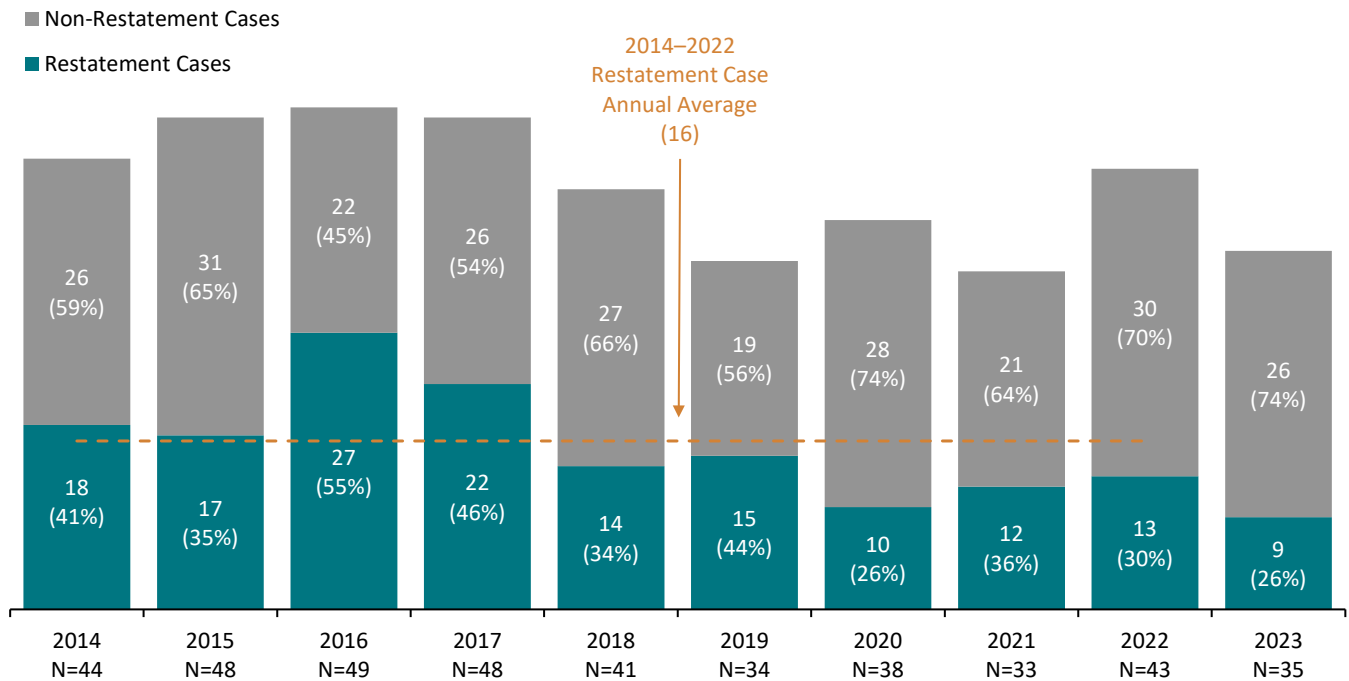
Note: Industries that comprise “Other” are Basic Materials, Diversified, and Utilities.

Accounting Case Settlements Involving Restatements

- The number of 2023 accounting case settlements involving restatements declined to the lowest level in over two decades; however, as a percentage of total accounting case settlements, cases involving restatements dropped only slightly from 2022.
- Only two settlements in 2023 involved auditors as named defendants. One of these cases involved a restatement; neither involved an accounting irregularity.⁷
- The nine accounting case settlements involving restatements were split between the Technology and Consumer Non-Cyclical sectors.
- Most 2023 securities class action settlements that involved accompanying Securities and Exchange Commission (SEC) actions (seven of the 10 cases in total) included accounting allegations, and four involved a financial restatement.

In 2023, the number of settled accounting cases involving restatements fell to the lowest level since 1998.

Figure 17: Accounting Case Settlements Involving Restatements 2014–2023

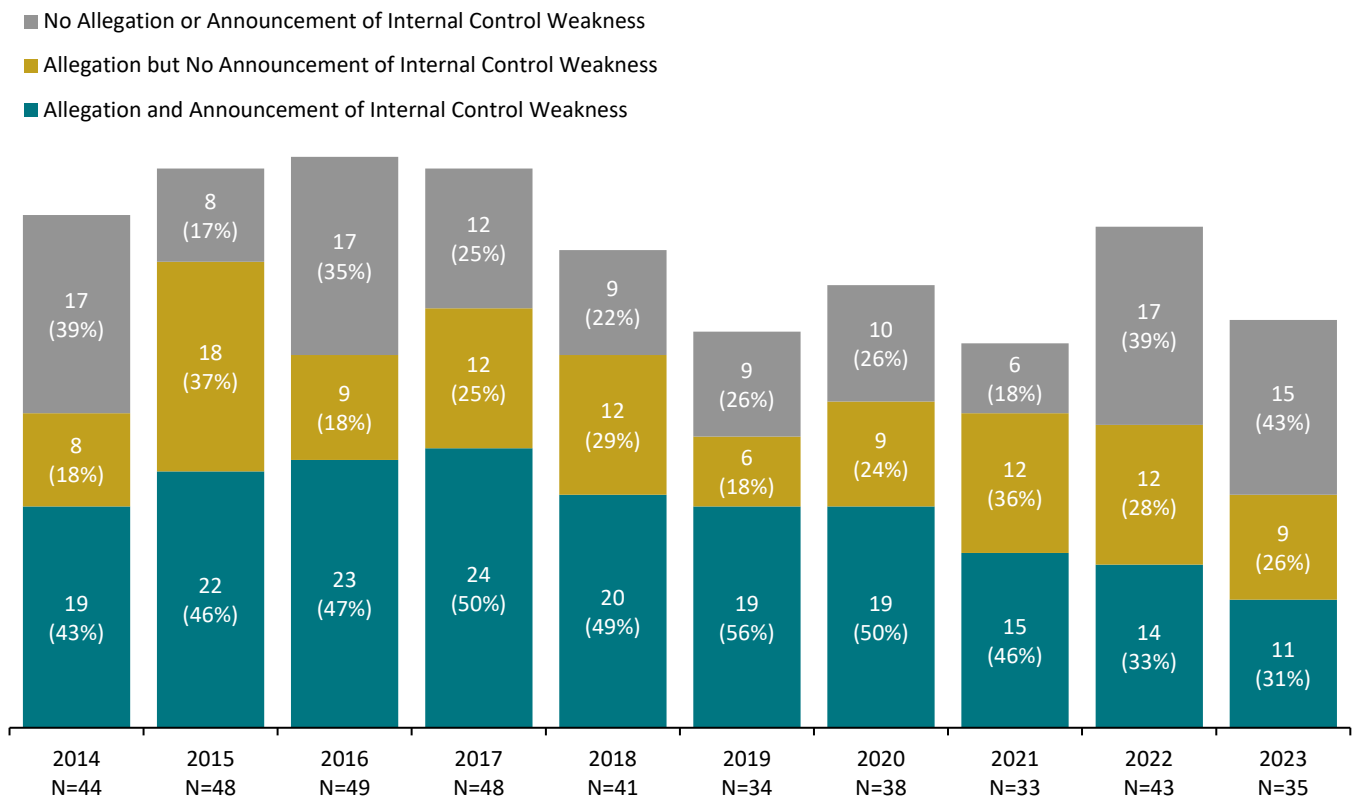


Accounting Case Settlements Involving Allegations of Internal Control Weaknesses

- The number of accounting case settlements involving allegations of internal control weaknesses declined in 2023. Still, the proportion of accounting case settlements with these allegations was roughly in line with the prior year.
- Despite the decline in the number of settled accounting cases involving allegations of internal control weaknesses, the total value of these settlements increased over 20% relative to 2022.
- In 2023, 93% of the total value of accounting case settlements involving allegations of internal control weaknesses was attributable to cases that also included an announcement of such weaknesses.
- Over two-thirds of the settled cases alleging internal control weaknesses without an accompanying company announcement of a weakness in 2023 included allegations of GAAP violations.
- While allegations of internal control weaknesses are relatively common, they are not associated with higher settlement amounts. This finding is based on a regression analysis that accounts for several factors affecting settlements.⁸

The number of accounting case settlements alleging internal control weaknesses declined to the lowest level in 10 years.

Figure 18: Accounting Case Settlements Involving Allegations of Internal Control Weaknesses 2014–2023



Settlements by Type of Alleged GAAP Violation

Median “Simplified Tiered Damages”

This section takes a closer look at Rule 10b-5 settlement amounts across two major subsets of alleged GAAP violations—write-downs and restatements⁹—and examines settlements across these categories in relation to a simplified proxy for potential shareholder losses. This relationship is important to consider because a proxy for damages is the single most important determinant of settlement amounts.¹⁰

The proxy used in this report is referred to as “simplified tiered damages” and bases per-share inflation estimates on the value of a defendant issuer’s stock price movements associated with the dates detailed in the plan of allocation per the settlement notice.¹¹ This measure is further described in [Securities Class Action Settlements—2023 Review and Analysis](#).

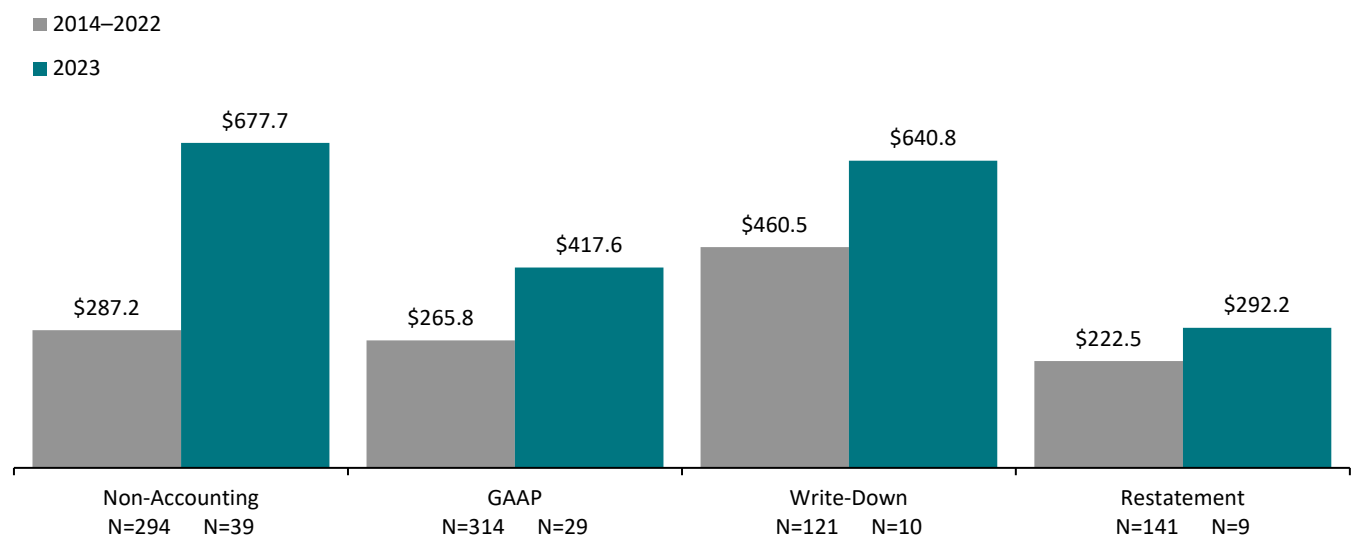
- Compared to 2014–2022, median “simplified tiered damages” increased for GAAP settlements in 2023, particularly for cases involving write-downs.
- In 2023, four cases involved both a restatement and a write-down; median “simplified tiered damages” were nearly three times higher for these cases compared to other accounting case settlements.

- Although median “simplified tiered damages” for settled cases involving restatements increased in 2023 compared to 2022, the size of issuer defendants in restatement cases fell over 85% (from \$4.9 billion to \$0.7 billion), as measured by median total assets. In contrast, for cases involving a write-down, median total assets for issuer defendants increased from \$4.1 billion to \$7.0 billion (almost 70%).
- Larger cases (i.e., cases involving higher “simplified tiered damages”) tend to take longer to settle. Accordingly, these factors likely contributed to a nearly 30% increase in the median time to settle for accounting case settlements in 2023 compared to 2022.

Median “simplified tiered damages” in 2023 were lower for settlements involving accounting allegations than non-accounting cases.

Figure 19: Median “Simplified Tiered Damages” for Settled Cases by Case Type

(Dollars in millions)



Note: “Simplified tiered damages” are adjusted for inflation based on class period end dates; 2023 dollar-equivalent figures are presented.

Median Settlement Amounts

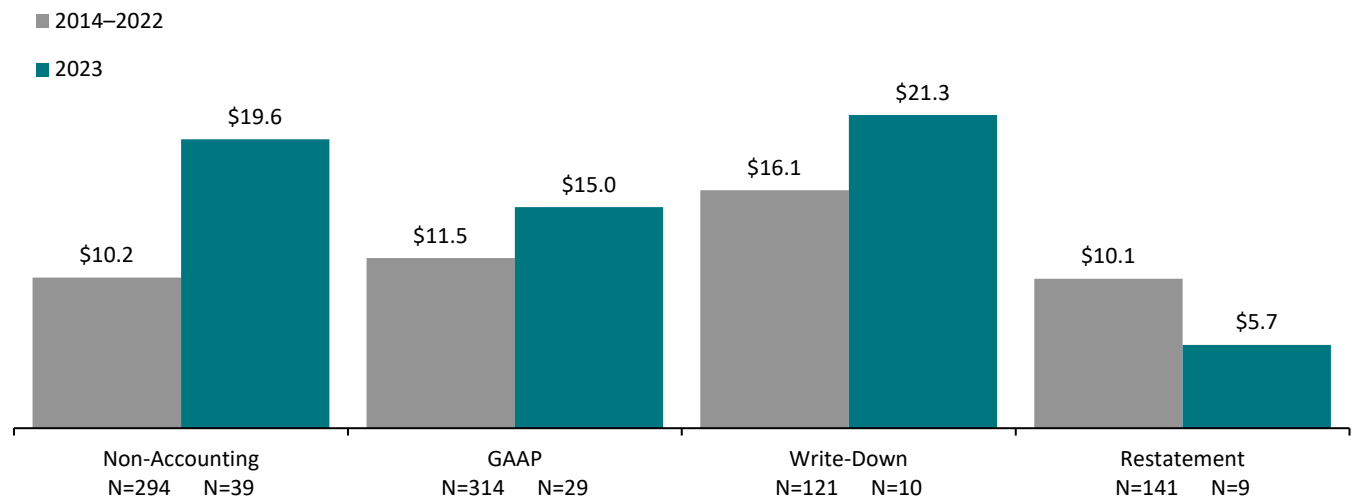
- The median settlement amount for GAAP cases increased by over 30% in 2023 compared to 2014–2022 but did not approach the near doubling that occurred for non-accounting cases.
- Median settlement amounts for accounting cases were higher in 2023 than in 2014–2022, except for those in the Technology, Finance, and Consumer Cyclical sectors (see [Appendix 5](#)).

The median settlement amount for cases involving restatements decreased to the lowest level since 2015.

- Compared to 2022, the median settlement amount in 2023 for cases involving restatements declined by over 75%. Though not as dramatic, the median settlement amount for accounting cases involving a write-down decreased substantially by over 40%.

Figure 20: Median Settlement Amounts by Case Type

(Dollars in millions)



Note: Settlement dollars are adjusted for inflation; 2023 dollar-equivalent figures are presented.

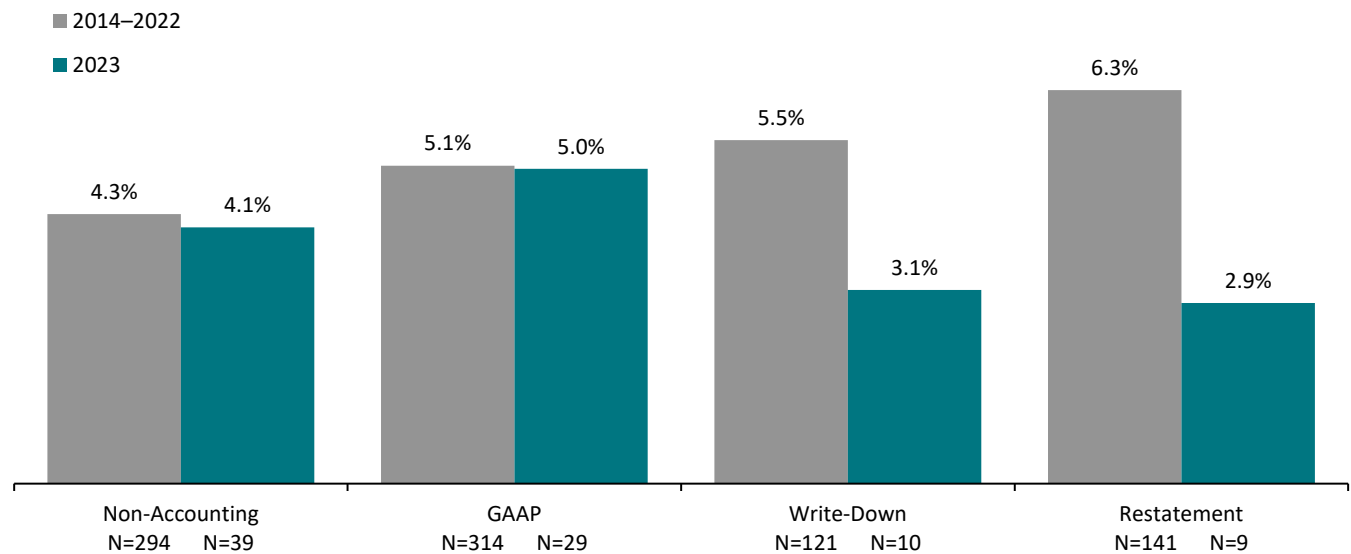
Median Settlements as a Percentage of “Simplified Tiered Damages”

- After a dramatic increase in 2022, settlements as a percentage of “simplified tiered damages” in restatement cases fell to just 2.9% in 2023, well below the 2014–2022 period. This is consistent with the combination of an increase in simplified tiered damages but decrease in median settlement amounts for settled cases involving restatements in 2023.
- Restatements are associated with significantly higher settlements, even when considering “simplified tiered damages” and other key determinants of settlement amounts. This correlation also holds true for settled cases involving accounting irregularities, despite their less frequent occurrence.

The median settlement as a percentage of “simplified tiered damages” for cases involving restatements reached the lowest level in almost two decades.

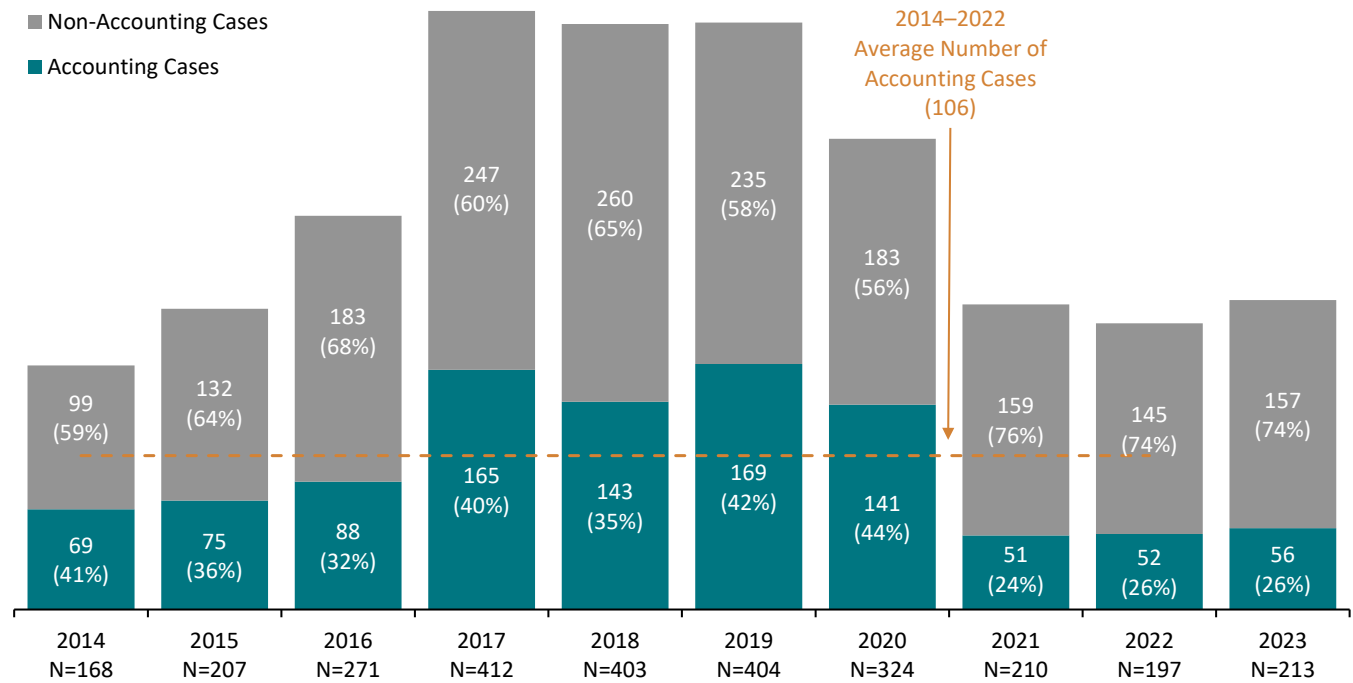
- The median settlement amount as a percentage of “simplified tiered damages” for cases involving a write-down declined 17% compared to 2022. Six of the 10 settlements involving write-downs in 2023 were cases in the Consumer Non-Cyclical sector.

Figure 21: Median Settlements as a Percentage of “Simplified Tiered Damages” by Case Type

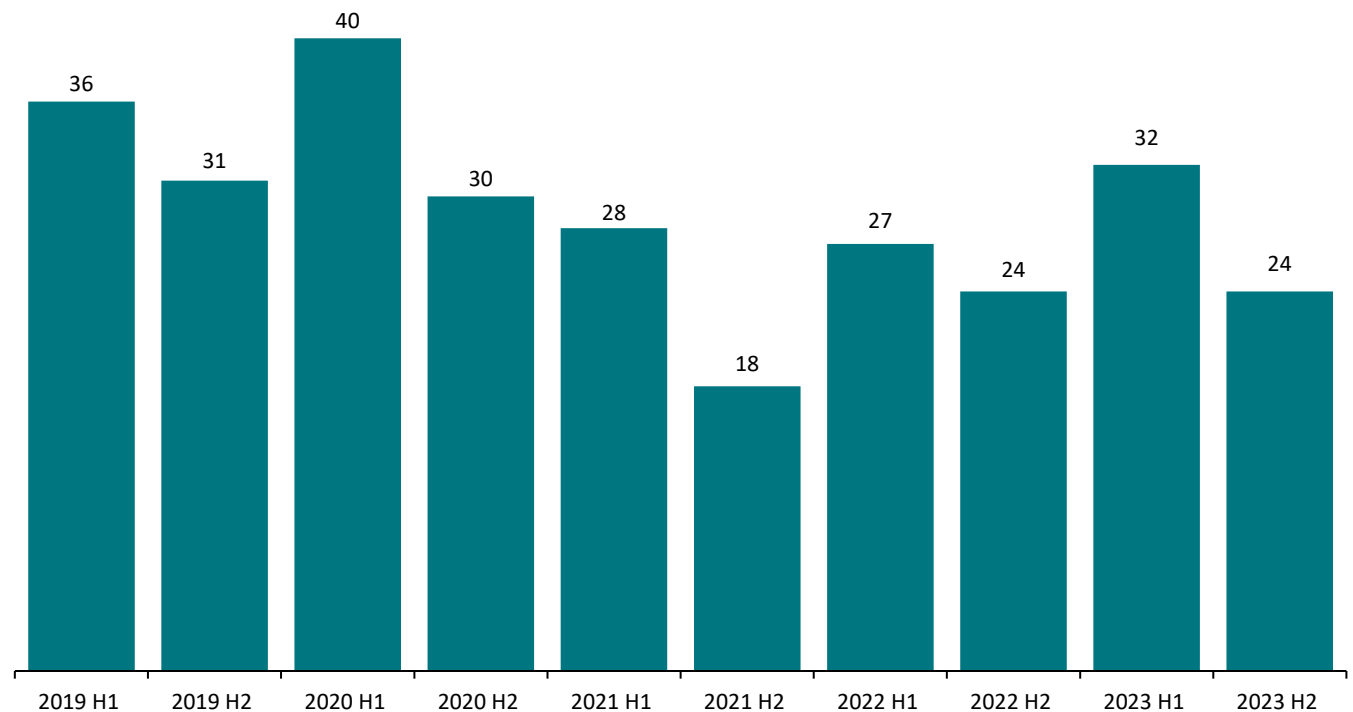


Appendices

Appendix 1: Total Accounting Case Filings (Core and M&A) as a Percentage of Total Filings
2014–2023



Appendix 2: Semiannual Accounting Case Filings
2019–2023



Appendix 3: Accounting Case Filings by Industry

(Dollars in millions)

Industry	Class Action Filings				Disclosure Dollar Loss Index [®]			
	Average 2014–2022	2021	2022	2023	Annual Average 2014–2022	2021	2022	2023
Consumer Non-Cyclical	16	8	15	10	\$11,819	\$2,614	\$8,476	\$9,072
Consumer Cyclical	7	4	10	10	\$4,696	\$11,352	\$1,345	\$6,890
Technology	8	12	9	9	\$8,247	\$8,568	\$15,669	\$10,854
Financial	10	7	5	10	\$7,781	\$611	\$1,199	\$16,195
Industrial	7	3	4	7	\$7,977	\$1,704	\$834	\$2,624
Energy	4	6	4	2	\$3,654	\$7,673	\$1,776	\$459
Other	4	2	4	3	\$1,747	\$172	\$1,291	\$0
Communications	6	4	0	5	\$2,896	\$364	\$0	\$30,783

Note: Industries that comprise “Other” are Basic Materials and Utilities. Dollar values are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Appendix 4: Accounting Case Filings by Circuit

(Dollars in millions)

Circuit	Class Action Filings				Disclosure Dollar Loss Index [®]			
	Average 2014–2022	2021	2022	2023	Annual Average 2014–2022	2021	2022	2023
First	1	0	1	1	(\$106)	\$0	\$717	\$286
Second	22	23	20	17	\$18,419	\$23,711	\$20,872	\$15,112
Third	6	3	5	8	\$5,953	\$88	\$1,353	\$5,147
Fourth	1	2	2	3	\$765	\$235	\$1,670	\$570
Fifth	4	2	3	1	\$2,890	\$4,124	\$366	\$80
Sixth	2	2	1	2	\$2,231	\$381	\$954	\$6,071
Seventh	3	0	2	1	\$5,388	\$0	\$1,204	\$61
Eighth	0	0	0	0	\$206	\$0	\$0	\$0
Ninth	17	12	10	18	\$11,489	\$4,446	\$43,351	\$47,981
Tenth	2	0	3	1	\$617	\$0	\$531	\$9
Eleventh	3	2	4	4	\$875	\$73	(\$429)	\$1,560

Note: Dollar values are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Appendix 5: Accounting Case Settlements by Industry

(Dollars in millions)

Industry	Number of Settlements				Median Settlement Amounts			
	Average 2014–2022	2021	2022	2023	2014–2022	2021	2022	2023
Consumer Non-Cyclical	10	11	11	10	\$13.1	\$8.4	\$16.1	\$13.5
Industrial	5	2	6	1	\$6.6	\$10.5	\$25.4	\$12.5
Technology	5	4	3	6	\$9.3	\$15.3	\$5.2	\$7.1
Other	3	3	4	1	\$14.1	\$4.2	\$16.9	\$173.0
Consumer Cyclical	4	0	8	5	\$10.8	-	\$7.0	\$7.5
Financial	7	5	5	7	\$22.2	\$9.6	\$16.1	\$15.0
Communications	4	5	4	4	\$7.0	\$7.2	\$9.1	\$26.0
Energy	3	3	2	1	\$9.0	\$7.0	\$40.0	\$30.0

Note: Industries that comprise “Other” are Basic Materials, Diversified, and Utilities. Dollar values are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Appendix 6: Accounting Case Settlements by Circuit

(Dollars in millions)

Circuit	Number of Settlements				Median Settlements Amounts			
	Average 2014–2022	2021	2022	2023	2014–2022	2021	2022	2023
First	1	0	0	0	\$8.9	-	-	-
Second	15	16	14	11	\$10.5	\$7.8	\$21.9	\$6.5
Third	4	4	6	2	\$12.2	\$13.9	\$15.5	\$20.0
Fourth	1	1	0	0	\$25.7	\$28.1	-	-
Fifth	3	3	3	2	\$10.0	\$7.0	\$19.8	\$17.5
Sixth	2	0	2	5	\$416.8	-	\$37.0	\$17.5
Seventh	2	2	2	3	\$15.9	\$24.2	\$13.5	\$173.0
Eighth	1	0	1	1	\$16.5	-	\$46.9	\$5.0
Ninth	10	5	14	8	\$10.1	\$15.6	\$11.8	\$17.5
Tenth	1	0	0	2	\$5.9	-	-	\$52.3
Eleventh	2	1	1	1	\$11.7	\$1.1	\$16.4	\$60.0
DC	0	0	0	0	\$8.8	-	-	-
State	1	1	0	0	\$9.4	\$5.9	-	-

Note: Dollar values are adjusted for inflation; 2023 dollar-equivalent figures are presented.

Research Sample

This report utilizes the Stanford Law School Securities Class Action Clearinghouse federal securities class action filings database described in Cornerstone Research’s *Securities Class Action Filings—2023 Year in Review*, which is based on data as of January 10, 2024, and the securities class action settlements database described in Cornerstone Research’s *Securities Class Action Settlements—2023 Review and Analysis*.

Endnotes

- ¹ Securities class actions are considered “accounting cases” or “accounting case filings” if they involve allegations related to 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.
- ² “Pre-disclosure market capitalization” refers to the defendant firm’s market capitalization on the trading day immediately preceding the end of the class period.
- ³ Merger and acquisition (M&A) filings—securities class actions that have Section 14 claims, but no Rule 10b-5, Section 11, or Section 12(a) claims, and involve M&A transactions—are included in Appendix 1.
- ⁴ Greg Eastman, et al., “Will PCAOB’s New Audit Rule Trigger Shareholder Litigation?,” *Law360*, October 16, 2019, available at <https://www.law360.com/articles/1209786>.
- ⁵ Issuer’s most recently reported total assets prior to the settlement hearing date.
- ⁶ Comparison to “all-time” for settled cases refers to Cornerstone Research’s database of post-Reform Act settlements and is based on years for which sufficient settled cases were observed (i.e., excludes 1996-1998).
- ⁷ Cases involving accounting irregularities are those in which the defendant has reported the occurrence of accounting irregularities (intentional misstatements or omissions) in its financial statements.
- ⁸ See *Securities Class Action Settlements—2023 Review and Analysis*, Cornerstone Research (2024), for further discussion.
- ⁹ Within cases involving alleged GAAP violations, write-down cases are those with allegations involving an asset write-down or reserve increase, and restatement cases are those involving a restatement (or announcement of a restatement) of financial statements.
- ¹⁰ See *Securities Class Action Settlements—2023 Review and Analysis*, Cornerstone Research (2024), for further discussion.
- ¹¹ See *Securities Class Action Settlements—2023 Review and Analysis*, Cornerstone Research (2024), p. 5 (“Simplified tiered damages’ uses simplifying assumptions to estimate per-share damages and trading behavior for cases involving Rule 10b-5 claims. It provides a measure of potential shareholder losses that allows for consistency across a large volume of cases, thus enabling the identification and analysis of potential trends. . . . However, this measure is not intended to represent actual economic losses borne by shareholders.”).

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The views expressed herein are solely those of the authors and do not necessarily represent the views of Cornerstone Research.

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