

# Selected Topics in Securities Litigation



Directors Roundtable Program

December 11, 2009

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# Topics

- I. **SEC Enforcement: Mid-Year Review**
- II. **Securities Class Action Filings: November 2009 YTD**
- III. **Selected Hot Topics in Securities Litigation**

# I. SEC Enforcement: Mid-Year Review

# I. SEC Enforcement: Mid-Year Review

- Mary Schapiro – Sworn in January 27, 2009
  - Adopted changes designed to “reinvigorate” the Commission’s enforcement efforts
    - *New procedures permit more rapid approval of formal orders of investigation, issuance of subpoenas*
    - *Revamped process for reviewing complaints and tips*
- Rob Khuzami – Director of the Division of Enforcement
  - Former federal prosecutor and investment bank GC
  - Increase the number of trial attorneys, para-professionals and level of IT support
  - Organizational changes, including flattening of management structure, less bureaucracy, revising performance metrics that focus on quantitative factors

# I. SEC Enforcement: Mid-Year Review (cont'd)

- Increased Enforcement Activity:

	<u>Feb-May '08</u>	<u>Feb-May '09</u>
Investigations Opened	292	358
Formal Orders	74	188

- Increase in the Number of Cases Filed:

	<u>Jan-June '08</u>	<u>Jan-June '09</u>
Injunctive Actions Filed	114	167
Number of Defendants	317	527
Percentage of Ds Settled at the time of filing	32%	20%

# I. SEC Enforcement: Mid-Year Review (cont'd)

- Goal – Message of Deterrence
  - Cases being filed more quickly, in the absence of settlements and parallel criminal proceedings
  - Greater emphasis on bringing cases against individuals
- Increased Funding
  - May 2009: Fraud Enforcement and Recovery Act of 2009: \$265M for the 2010 and 2011 budgets of the SEC, DOJ
  - Omnibus Appropriations Act of 2009: \$37M for SEC's 2009 budget
  - 2010 budget proposal would increase SEC's budget by 13%

## **II. Securities Class Action Filings: November 2009 YTD**

## II. Securities Class Actions: Nov. 2009 YTD

- Overview
  - Number of filings consistent with historical average, but declined sharply in the second, only to rebound during the third quarter
  - 160 class actions filed as of November 2009, 174 annualized (198 average)
  - 49 new cases filed in third quarter; compared to 35 in Q2 '09, 59 in Q1 '09 56 in Q2 '08
  - Few filed against public companies, most against mutual funds, private investment partnerships, other non public entities (SIC Codes)
  - Financial sector focus (87 of 160 new filings)
  - Majority filed in NY (68 of 160)

## II. Securities Class Actions: Nov. 2009 YTD (cont'd)

- Why the Q2 slowdown?

— Recent filings suggest a backlog of non-financial sector cases:

<u>Issuer</u>	<u>Case Filed</u>	<u>Class Period</u>
Bidz.com ( <i>CD Cal</i> )	May 7, 2009	Aug. 13, 2007 – Nov. 26, 2007
Liz Clairborne ( <i>SDNY</i> )	April 28, 2009	Feb. 28, 2007 – April 30, 2007
Coach, Inc ( <i>SDNY</i> )	April 14, 2009	Jan. 23, 2007 – Oct. 22, 2007
Sprint Nextel ( <i>SDNY</i> )	March 10, 2009	Oct. 26, 2006 – Feb. 27, 2008
Rackable Systems ( <i>ND Cal</i> )	Jan. 16, 2009	Oct. 30, 2006 – April 4, 2007

## III. Selected Hot Topics in Securities Litigation

# III. Selected Hot Topics in Securities Litigation

- **HealthSouth – Scrushy bar order**

- On June 17, 2009 11<sup>th</sup> Circuit upheld district court’s bar order extinguishing Scrushy’s contractual indemnification and advancement claims
- Order entered in connection with the partial settlement of the HealthSouth securities class action
- Scrushy received a judgment credit equal to the settlement: \$445M
- Court rejected arguments re: permissible scope of PSLRA bar order; public policy
- Most troubling aspect – elimination of advancement right in favor of policies favoring settlement
- “[A]dvancement of legal fees might be inconsistent with the policies underlying the securities laws.” Opinion at 23

# III. Hot Topics in Securities Litigation (cont'd)

- **10 b5-1 Trading Plans**

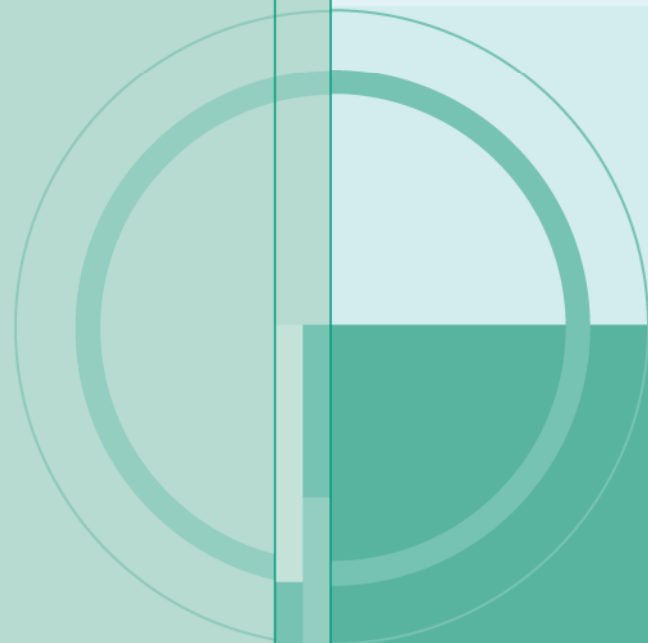
- Courts continue to dismiss cases where plans properly relied upon: Gilead Activewear (July 1, 2009 SDNY), PMI Group (July 1, 2009 ND Cal)
- Compare: Countrywide - Judge Pfaelzer dismissed insider trading allegations against certain individual defendants whose trading plans were in order but refused to dismiss claims against former CEO Mozillo – plan “unusually modified”
- SEC Guidance – April 2009
  - Cancellation of a transaction under a plan is an “alteration or deviation” from the plan which terminates the plan, and may call into question “good faith” when entering the plan
  - The establishment of a new plan after termination is subject to a “good faith” determination
  - Affirmative defense not available if a person enters a plan while in possession of material non public information – even if plan is structured so the transaction will not begin until information made public

# III. Hot Topics in Securities Litigation (cont'd)

## Exposure in the Absence of Trading: The Core Operation Doctrine

- Senior executives “*must have known*” of the fraud where it relates to a company’s core operations or core products
- Plaintiff’s reliance has increased since the Supreme Court’s Tellabs decision – “holistic” approach and comparative assessment of scienter allegations
- Decisions turn on specific allegations re: exposure to the allegedly fraudulent information
- Battleground – confidential informants

*Thank you*



# Disclosures of SEC Investigations Resulting in Wells Notices

By Christine Nelson, Sara Gilley, and Garrett Trombly

## *Overview*

Cornerstone Research has conducted a study of the market reaction to company disclosures of the receipt of a Wells notice from the staff of the SEC. Our findings indicate that, when analyzed collectively, the announcement of a Wells notice on average is associated with a statistically significant market-adjusted stock price decline. Analyzed individually, however, only 17 of 58 disclosures of Wells notices between April 2002 and January 2007 were associated with statistically significant market-adjusted stock price declines, indicating that market participants discern firm-specific differences across announcements of the receipt of Wells notices.

Moreover, disclosures of an informal investigation or a formal investigation prior to the receipt of the Wells notice resulted on average in negative, statistically significant stock price movements. However, there was no significant difference between the average market-adjusted returns on the day of the disclosure of receipt of a Wells notice for investigations that had been previously disclosed and the market-adjusted returns related to those that had not. These findings are consistent with the hypothesis that market participants perceive the disclosure of an informal or formal investigation as a signal of a higher likelihood that the outcome of the investigation will have a material impact on the company relative to announcing only the receipt of a Wells notice. Otherwise, one would expect the disclosure of the Wells notice that was the first disclosure of the investigation to result in a larger negative price movement than disclosures that followed prior announcements of the investigation. Also consistent with this hypothesis is the finding that investigations disclosed prior to the Wells notice were more likely to result in a fine being imposed on the target company or individual than investigations that were only disclosed at the Wells notice stage.

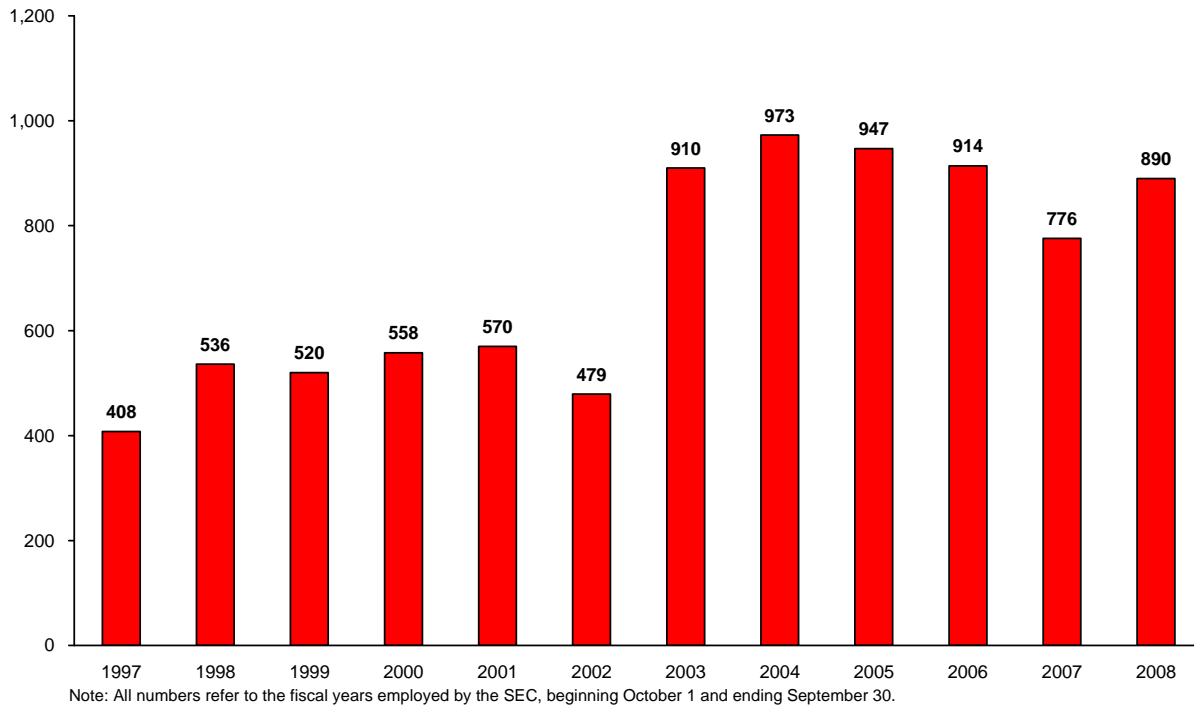
We first review trends in SEC investigations and the typical length of time for an investigation to proceed to the Wells notice stage. We then turn to the results of our analysis of stock price reactions to disclosures of investigations for companies that ultimately disclosed receipt of a Wells notice. We conclude with an analysis of resolutions of investigations.

## *Historical Trends and Timing of Investigations*

From 1997 through 2002 (fiscal year ending September 2002), the SEC initiated between 408 and 570 new investigations each year. As shown in Figure 1, following the Enron and WorldCom investigations and the passage of Sarbanes-Oxley (July 30, 2002), the SEC initiated new investigations at nearly twice the previous annual rate. Although new investigations dipped in fiscal year 2007, they rose again in fiscal year 2008.

**Figure 1**  
**New SEC Investigations**  
**Fiscal Years 1997 - 2008**

Source: SEC



New investigations are typically “informal” in nature. If, after an initial review, the Commission deems that a violation of the federal securities laws “may have occurred or may be occurring,”<sup>1</sup> it may issue a “formal order of investigation.” Such an order empowers the staff to, among other things, subpoena witnesses and compel the production of documents. When the formal investigation is substantially complete, if the SEC is considering filing an action in court or an internal administrative proceeding, a Wells notice generally follows.<sup>2</sup> Recipients of a Wells notice are typically accorded the opportunity to provide a voluntary statement – a Wells submission – arguing why the Commission should not bring an action against them.<sup>3</sup> Subsequent steps in the investigation may include termination of the investigation, settlement, court action, or an internal administrative proceeding.

The SEC does not publicly comment on particular investigations until it files an action in court or in its internal administrative process. Prior to such a filing, public disclosure of the investigation is at the discretion of the target company. To identify Wells notice disclosures, we conducted a search of company SEC filings in the EDGAR database for the years 1997–2007, excluding disclosures concerning mutual funds. Our search yielded no Wells notice disclosures in SEC filings in the period 1997–2001. In 2002, 11 Wells notices were disclosed, followed by 14 in 2003, 31 in each of 2004 and 2005, 18 in 2006, and 20 in 2007. We analyzed in detail the 58 investigations of companies that disclosed the receipt of a Wells notice between April 2002 and January 2007 and were traded continuously on a major stock exchange from the initial public disclosure of an SEC investigation through the public disclosure of the receipt of a Wells

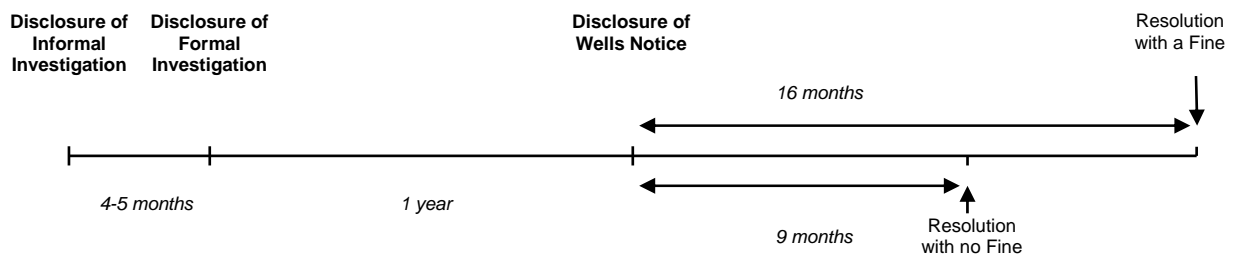
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notice.<sup>4</sup> For each of these investigations, we also reviewed public press releases to determine the date and time of each disclosure.

For each of the 58 investigations we researched, we determined whether the company had disclosed an informal SEC investigation and/or a formal SEC investigation prior to receipt of the Wells notice. Thirty-three of the 58 investigations were first disclosed at the informal stage. Ten investigations were first disclosed at the formal stage. For the remaining 15 investigations, the disclosure of the Wells notice was the first disclosure to the market of an SEC investigation.

Examination of the type and timing of the disclosures of the 58 investigations provides a rudimentary metric for evaluating the length of the investigations of target companies. For the 33 investigations that were disclosed at the informal investigation stage, the average length of time between the announcement of the informal investigation and the announcement of the Wells notice was one year and four months. For the 29 announcements that disclosed a formal investigation prior to receipt of a Wells notice (10 of which had not been preceded by an announcement of an informal investigation and 19 of which were announcements of a formal investigation following an announcement of an informal investigation), the average length of time between the announcement of the formal investigation and the announcement of the Wells notice was slightly longer than a year. For the 19 investigations for which both an informal investigation disclosure and a formal investigation disclosure were made prior to the receipt of a Wells notice, the average length of time between the announcement of the informal investigation and the announcement of the formal investigation was approximately five months.<sup>5</sup>

**Figure 2**  
**Average Length of the Stages of an SEC Investigation**



### ***Stock Price Reactions to Disclosures of Investigations***

With the dataset of 58 investigations identified – some of which were disclosed prior to receipt of a Wells notice – we turned to the question of the stock price reaction to each investigation-related disclosure. To analyze the stock price movement associated with target companies’ disclosures, we performed a separate event study analysis for each investigation in our dataset. Event study methodology is used to determine whether a company’s actual stock price movement on a given day is significantly different from the price movement that one would expect for that day, based on the stock’s historical price movements relative to the market. The typical relationship between movements in the company’s stock price (the “returns”) and the

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overall market is estimated through regression analysis (a “market model”), which enables a prediction of how a company’s stock is expected to have performed on a given day. The difference between the actual and predicted returns – the “market-adjusted return” – indicates the portion of a stock’s return that is not attributable to market movement.

The market-adjusted return on any given day can be the result of normal (random) movements. However, a market-adjusted return in excess of a certain threshold may be suggestive of a material change in the mix of information regarding the company.

Figure 3 shows that the average market-adjusted return on the day of the Wells notice disclosure for the target company of all 58 investigations was negative 2.59%. This average, across all 58 observations, is statistically significant. The median market-adjusted return was negative 1.74% and statistically significant. Thus, on average, disclosure of a Wells notice leads to a decline in stock prices.

While disclosure of a Wells notice, on average, leads to a stock price decline, evidence shows that market participants discern firm-specific differences across announcements of the receipt of Wells notices. Specifically, looking at each of the 58 investigations reveals that only seventeen (29%) resulted in negative and statistically significant declines in the target company’s stock price upon disclosure of the Wells notice. Thus, for any individual case, disclosure of a Wells notice may or may not be perceived as significant negative news by market participants.

**Figure 3**  
**Market-Adjusted Stock Price Reaction to Wells Notice Disclosures**  
**for 58 Investigations Resulting in the Receipt of a Wells Notice**

Source: Bloomberg; CRSP; Public Press; SEC Filings

	Number of Disclosures	Mean Market-Adjusted Return on Wells Notice Disclosure	Median Market-Adjusted Return on Wells Notice Disclosure
Total Number of Wells Investigations Disclosed	58	-2.59%	-1.74%
Informal Investigation disclosed at Initial Disclosure	33	-2.69%	-1.69%
Formal Investigation disclosed at Initial Disclosure	10	-2.84%	-2.44%
Wells Notice receipt disclosed at Initial Disclosure	15	-2.21%	-0.86%

Moreover, as noted earlier, in 43 of the 58 investigations, an informal and/or formal investigation was disclosed prior to the disclosure of receipt of a Wells notice. Disclosures of an informal investigation or a formal investigation prior to the receipt of the Wells notice also resulted on average in negative, statistically significant stock price movements. However, there was no significant difference between the average market-adjusted returns on the day of the disclosure of receipt of a Wells notice for investigations that had been previously disclosed and the market-adjusted returns related to those that had not. These findings are consistent with the hypothesis that market participants perceive the disclosure of an informal or formal investigation as a signal of a higher likelihood that the outcome of the investigation will have a material impact on the

company relative to announcing only the receipt of the Wells notice. Otherwise, one would expect the disclosure of the Wells notice that was the first disclosure of the investigation to result in a larger negative price movement than disclosures that followed prior announcements of the investigation.

### *Resolutions of Investigations*

At the time we concluded our study, we had identified announcements of the resolution of the SEC’s investigation for 43 of the 58 investigations in our dataset. Of those 43 investigations, the average time between the announcement of the receipt of a Wells notice and the announcement of a resolution was about 13 months.

To distinguish among outcomes of actions taken by the SEC, we analyzed the incidence of fines levied against the targets of the investigations. For the 17 investigations resulting in no fine being imposed on the target company or individual, the average time between the Wells notice disclosure and the resolution disclosure was approximately nine and a half months. For the 26 investigations resulting in a fine, the time between Wells notice disclosure and resolution announcement was almost 16 months.

Figure 4 shows the breakdown of resolution outcomes by investigation-related disclosures. Compared to other Wells notice recipients, those companies that had announced the investigation prior to the Wells notice were more likely to have a fine imposed as a result of the investigation. Conversely, those companies that first announced the investigation with the disclosure of a Wells notice were more likely not to be fined. While these findings are based on a small number of observations, they are consistent with the notion that companies are more likely to disclose informal and formal investigations when it is more likely the outcome will be negative.

**Figure 4**  
**Type of Resolution for 43 Investigations**  
**Resulting in Receipt of a Wells Notice**

Source: Factiva; SEC Filings

<b>Investigation Disclosures</b>	<b>Total Number of Investigations</b>	<b>By Resolution Outcome</b>	
		<b>Investigations Not Resulting in a Fine</b>	<b>Investigations Resulting in a Fine</b>
Wells Notice Only	12	8	4
Informal or Formal Investigation Prior to Wells Notice	16	6	10
Informal and Formal Investigations and Wells Notice	15	3	12
<b>Total</b>	<b>43</b>	<b>17</b>	<b>26</b>

## *Conclusion*

With the current market turmoil and push for greater regulation in the securities markets, many observers anticipate a ramp-up in the number of investigations initiated by the SEC. If recent trends continue, the companies that do not believe that an investigation will result in a material impact on the company, and therefore do not disclose the early stages of an investigation, will not necessarily incur a larger stock price decline upon disclosure of the Wells notice than if they had previously disclosed the investigation.

*Christine Nelson is a Managing Director in Cornerstone Research's Boston office. Sara Gilley, CFA, is an Associate with the firm, and Garrett Trombly, Esq. is a Senior Analyst. The authors would like to thank Julie A. Smith, Esq. of Wilkie Farr & Gallagher LLP who assisted in the early stages of the research for this study and provided valuable insights. They would also like to thank David Marcus, Christopher Lee, David Koretz and the other staff at Cornerstone Research who contributed to the analysis underlying this article, as well as Alexander Aganin and Eugene Agronin for their comments. Cornerstone Research ([www.cornerstone.com](http://www.cornerstone.com)) provides economic and financial analysis and expert testimony to attorneys in complex business litigation. It has offices in Boston, Los Angeles, Menlo Park, New York, San Francisco and Washington, D.C.*

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<sup>1</sup> Enforcement Manual, Securities and Exchange Commission Division of Enforcement, October 6, 2008, p. 20.

<sup>2</sup> If prompt enforcement action is necessary to protect investors, the Commission may choose not to issue a Wells notice before taking action such as requesting a temporary restraining order.

<sup>3</sup> The term "Wells notice" has its origins in the recommendations made by an advisory committee chaired by John Wells.

<sup>4</sup> Investigations were removed from our original dataset if the target companies did not trade continuously on a major stock exchange (NYSE, Nasdaq or American Stock Exchange) from the initial public disclosure of the SEC investigation through the public disclosure of a Wells notice, or if they fell outside our period of examination.

<sup>5</sup> It is important to note that these figures are based on dates of public disclosures identified by Cornerstone Research and therefore do not necessarily reflect the actual dates when target companies were notified of an initiation of or change in an SEC investigation.

## **Andrew Calamari**

Associate Regional Director & Co-Head of Enforcement  
U.S. Securities and Exchange Commission, (New York)

Andrew Calamari came to the U.S. Securities and Exchange Commission in 2000. Prior to his time with the Commission, he was engaged in private practice for about 13 years, including as a litigation partner with Donovan Leisure Newton & Irvine. He also served for two years as a law clerk to a federal district judge in Manhattan. He is a graduate of Fordham Law School. During his time at the Commission, he has overseen a number of important investigations, including the investigation of accounting fraud at Aurora Foods, Inc. and the investigation of AIG's promotion and marketing of a pre-funded insurance product that had, as its express purpose, to facilitate income statement smoothing.

## **Raymond J. Lohier, Jr.**

Chief of the Criminal Division's Securities and Commodities Fraud Task Force  
U.S. Department of Justice

Prior to his appointment at the Department of Justice, Mr. Lohier, who joined the Office in 2000, was the Deputy Chief of the Securities and Commodities Fraud Task Force and the Chief and Deputy Chief of the Narcotics Unit. Mr. Lohier is a 1988 graduate of Harvard College, and a 1991 graduate of the New York University School of Law. After law school, Mr. Lohier clerked for United States District Judge Robert P. Patterson in the Southern District of New York, and worked as an associate at Cleary, Gottlieb, Steen & Hamilton in New York. Prior to joining the Office, Mr. Lohier served as a Senior Trial Attorney in the Civil Rights Division of the U.S. Department of Justice in Washington, D.C.



## Michael C. Hefter

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Michael Hefter, a partner in the New York office, is a member of the Litigation Group. Mr. Hefter focuses his practice on complex commercial litigation matters in federal and state courts, domestic and international arbitration and matters before federal, state and self-regulatory agencies.

### Related Practice Areas

- Commercial Litigation
- Securities Litigation and Regulatory Enforcement
- Mergers and Acquisitions Litigation
- Corporate Governance Advice
- Derivatives Suits

### Education

- J.D., *with honors*, Emory University School of Law, 1991
- B.A., University of Michigan, 1988

### Honors

- Named one of the top "40 Under 40" lawyers in the United States by the editors of *The National Law Journal*
- Super Lawyers - Metro New York 2009, 2007

Mr. Hefter's principal areas of practice include litigation and arbitration in complex commercial disputes, including claims involving breach of contract, breach of fiduciary duty, fraud and other business disputes, securities litigation, RICO actions, structured finance disputes, post-acquisition disputes, corporate governance (including mergers and acquisition litigation), claims involving lender liability issues, class and derivative actions, claims involving LLC and limited partnership issues and structures, bankruptcy-related and other forms of general commercial and complex litigation. He has represented clients in numerous industries, including energy, insurance, health care, investment and commercial banking, private equity and hedge funds, venture capital, real estate, accounting, telecommunications, aerospace and defense and chemicals and computer software.

Before joining Orrick, Mr. Hefter was a partner at Dewey Ballantine LLP.

### Admitted in

- New York

### Court Admissions

United States District Court

- Eastern District of New York
- Southern District of New York

### Memberships

- American Bar Association
- Federal Bar Council



### **Publications**

- "Stoneridge' Alters Legal Landscape," *The National Law Journal* (March 17, 2008)
- "Scope of Primary Liability," *The National Law Journal* (August 27, 2007)



**Related Practice Areas**

- Securities Class Actions
- Internal and Audit Committee Investigations
- SEC Investigations and Enforcement Actions
- AMEX, NYSE, NASD, and Other SRO Proceedings

**Education**

- J.D., *summa cum laude*, Santa Clara University School of Law, 1977
- B.A., Loyola Marymount University, 1974

**Honors**

- Recently named one of the top securities litigators in California by the *Daily Journal*
- Editor-in-Chief, *Santa Clara Law Review*

## Michael D. Torpey

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Michael Torpey, a partner in the San Francisco office, is the Chair of the Securities Litigation Group.

Mr. Torpey specializes in litigation involving the Private Securities Litigation Reform Act of 1995, The Securities Act of 1933, the Securities Act of 1934, the Uniform Standards Act and proceedings initiated by the Securities Exchange Commission, the National Association of Securities Dealers and other self-regulatory organizations.

Mr. Torpey has extensive experience in litigation involving breaches of fiduciary duty and conducting various types of corporate investigations.

Mr. Torpey has represented Adaptec; Broadcom; Cadence Design Systems; Caterpillar; Citrix Systems; CommTouch; Dain Rauscher Wessels; Digital Lightwave; Employee Solutions, Inc.; Endosonics Corporation; Intel Corporation; Kleiner, Perkins Caufield & Byers; NCI Building Systems; NFT Ventures; Nvidia Corporation; OrthoLogic Corporation; Pacific Telesis Group; Powercerv Corporation; Raster Graphics Corporation; Siebel Systems, Inc.; Sumitomo Bank of California; Sunglass Hut International; TD Waterhouse Inc.; Transcript International; Valley National Bank; Versata Inc. and Western Farm Credit Bank.

Mr. Torpey was previously a partner at Clifford Chance and at Brobeck, Phleger & Harrison.

**Admitted in**

- California
- Oregon

**Court Admissions**

Supreme Court of the United States

United States Court of Appeals

- Eighth Circuit

- Fifth Circuit
- Ninth Circuit
- Seventh Circuit

United States District Court

### **Memberships**

- State Bar of California
- Oregon State Bar
- Former President (1999), Bar Association of San Francisco, Securities Litigation Section
- Officer, State Bar of California, Section on Litigation
- Former Chairman (1995-1996), San Francisco Committee on Education, American Bar Association
- American Bar Association, Litigation Section
- Committee on Class and Derivative Actions
- Committee on Federal Regulation of Securities
- Member, AIG Senior Advisor Council on Securities Litigation

### **Publications**

- "Roundtable: Securities Litigation," *California Lawyer*, August 2009

### **Speeches & Programs**

- Moderator, ALI-ABA Annual Program on Defending Securities Class Actions, 2001-2005
- Author/Editor, "Securities Enforcement and Litigation: The Latest Developments on Financial Reporting Violations, the Consequential Lawsuits and Enforcement Actions – Triggers, Targets, Major Policy R
- Stanford Director's College, 2005, 2004, 2003, 2002, 2001, 1999
- Debater, Corporate Directors Forum, "The Great Debate: Securities Litigation 2000 – Michael D. Torpey and William S. Lerach," 2000
- Moderator, "How to Prepare For and Successfully Try a Securities Class Action in the Post-Reform Era," Practicing Law Institute, 2000
- Moderator, "The Criminalization of Securities Law – Life After California Micro Devices," San Francisco Bar Association, Securities Law Section, 1999
- Lecturer, "Two Years After the Quake: The Status of Securities



- Lecturer, Executive Briefings, “Dealing with the Street – Strategies for Managing Communications with Wall Street & Avoiding Securities Lawsuits,” San Francisco Bar Association, Securities Law Section, 1987

# CORNERSTONE RESEARCH

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Chris Nelson is the founder of Cornerstone Research's East Coast practice. For more than twenty-five years, she has managed economic, financial, and marketing analyses for securities, antitrust, and intellectual property cases, as well as other general business litigation. Her cases have covered a number of industries, including energy, consumer products, telecommunications, pharmaceuticals, and high-technology manufacturing.

Mrs. Nelson has taken many large-scale cases through deposition and trial, including *Biogen Securities Litigation*, *NuCorp Securities Litigation*, *Home Shopping Network v. GTE*, *Continental Illinois Bank Securities Litigation*, and the fairness hearing for the class settlement in the Prudential-Bache Energy Income Partnership Securities Litigation.

She has also testified in federal court regarding alleged price fixing between Sotheby's and Christie's. She is a coauthor of two Cornerstone Research publications, *Corporate Veil: When Is a Subsidiary Separate and Distinct From Its Parent?* and *October 19, 1987: A Securities Pricing Anomaly*, as well as *Disclosures of SEC Investigations Resulting in Wells Notices*.

## EDUCATION

MIT Sloan School of Management,  
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Boston University, M.S.

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