



LOWEY DANNENBERG, P.C.

Securities Litigation and Portfolio Monitoring

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FLORIDA PUBLIC PENSION
TRUSTEES ASSOCIATION
SINCE 1984

Securities Fraud Costs Retirees Billions of Dollars Each Year

- \$830 billion lost to fraud, malfeasance and other corporate wrongdoings

Source: Dyck, A., Morse, A. & Zingales, L. How pervasive is corporate fraud? Revenue Accounting Studies 29, 736–769 (2024). <https://doi.org/10.1007/s11142-022-09738-5>

Enron Corporation (2000's)

- Fraudulent revenue inflation and debt concealment led to Enron's share price collapse from \$90 to \$1
- Enron employees lost 60% of their 401(k) pensions value due to overweight company stock allocation
- Retirement savings vanished following Enron's Chapter 11 bankruptcy



Valeant Securities Litigation (2021)



- CEO (Martin Shkreli) concealed that Valeant's revenue and profits relied on price gouging of life-saving medicines
- Once exposed, Valeant's share price plummeted from \$262 to \$8.50
- Investors, including institutional public pension funds, lost over \$76 billion in market capitalization



**Asset Managers DO NOT
Investigate the Source of Financial
Loss**



**Securities Litigation Law Firms DO
Investigate Corporate Fraud or the
Source of Financial Loss**

All Pension Plan Funds Matter

- Smaller pension plan funds play a key role in securities fraud cases
- Individual losses may be too small to justify litigation
- Institutional losses may lack the scale to litigate
- Funds often collaborate to seek redress



Securities Portfolio Monitoring

- The first step in addressing investment losses from corporate misconduct is **portfolio monitoring**
- Law firms, including Lowey and others presenting this year, provide portfolio monitoring at **no cost to clients**

Essential Goals



Identify financial loss caused by corporate fraud



Explore options for recovering the loss incurred



Claim reimbursement in existing settlements

Utilizing portfolio monitoring law firm(s), you bring in a fresh set of “trained” eyes to review your portfolio losses at no additional cost to the Pension Plan

Portfolio Monitoring

- Designed to identify fraud and detect discrepancies
- When loss occurs, we conduct a thorough investigation into the company's disclosures for:
 - Accuracy and completeness
 - Financial and operational health
 - Realistic projections and forecasts
 - Insider breach of fiduciary duty to shareholders

Clients' Recoverable Loss

- Custodial banks provide transaction data for funds:
 - Analyzed and reviewed by Lowey team
 - No use of clients' resources or time
 - Financial data remains safe and secure
 - We calculate and quantify recoverable damages

Legal Analysis

- Lowey attorneys conduct in-depth analysis of existing cases
- Weekly team meetings ensure thorough review of new cases
- All analysis done in-house, without use of vendors and third parties
- Customized Reporting based on client requirements

Recommendation to Client

- Advise client on the existence of meritorious cases
- Determine the course of action that best serves the clients interests
- Identify the actions most likely to result in the greatest recovery
- Assess whether the potential recovery justifies the time, risks, and complexity of litigation

Practical Considerations

- Portfolio Monitoring is a **free service** to our Clients
- Clients incur **no expenses**
- Clients may receive a **service award** from the court
- All recovered **losses go back** to the Pension Fund
- **Appreciation** from constituents and pensioners
- Fulfills an often-overlooked **fiduciary responsibility**

Engaging a qualified securities law firm is often overlooked and proven to be costly to the fund when corporate fraud and wrongdoing occur undetected.

Key Takeaways



- Securities fraud is **real and expensive**
- Securities fraud **lurks below the surface**
- Asset managers **DO NOT investigate** financial loss
- Securities law firms **DO investigate** financial loss
- Portfolio monitoring is done at **no cost to the Plan**
- **All** Pension Plan Funds **Matter**
- **We are here to help – please visit us at our booth**

Thank you for attending

Questions?



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