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Junk Settlements and Improving Incentives in Class Action Litigation

Source: Dow Jones News Service

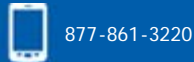
Dealpolitik blog post by Ronald Barusch

Shareholder litigation is a critical part of the securities law enforcement system in the U.S. Directors and advisors live in fear that their decisions on whether their disclosure is adequate will be second-guessed in courts. This usually results in careful preparation of that disclosure. Despite this good result, the system is massively flawed. But two recent appellate cases hold the promise, if followed elsewhere, of greatly improving it. We will come back to them shortly.

As I have written previously despite the risk of shareholder litigation having a positive impact on corporate conduct, much of this litigation is inefficient and has elements of corruption.

Here is why. [Continue to read the full article »](#)

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