PUBLIC JUSTICE E-LERT
AMERICA'S PUBLIC INTEREST LAW FIRM

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Imagine you're an investor who's considering buying stock in Halliburton. Then imagine the Houston-based corporation deliberately falsified financial results to inflate stock prices, and that's when you buy. When the company later corrects these misstatements, its stock price drops, and you -- along with thousands of other small investors -- lose money. What do you do? Until now, that answer was clear: you file a class action against Halliburton for violating the federal securities laws.

Halliburton is asking the U.S. Supreme Court to change the law to effectively bar most securities class actions, which would allow corporations to cheat investors with impunity. We don't intend to let that happen.

Here's the background: courts throughout the nation have long held that stockholders charging a company committed a fraud on the market (i.e., put out false information, or withheld significant information, from the trading public) do not need to prove that the alleged fraud caused a drop in its stock prices for the case to proceed as a class action. They only need to prove such "loss causation" to be able to win at trial.

In *Erica P. John Fund, Inc. v. Halliburton*, however, the U.S. Court of Appeals for the Fifth Circuit ruled that stockholders *do* have to prove "loss causation" for the case to proceed as a class action -- and stopped the case charging Halliburton with falsifying its financial reports. Other courts rejected the ruling as extraordinarily anti-stockholder. The U.S. Court of Appeals for the Seventh Circuit said the Fifth Circuit had decided to "go-it-alone" and make class actions "impossible in many securities cases."

Public Justice's *amicus* brief demonstrates that the Fifth Circuit's ruling is contrary to both Supreme Court precedent and the federal securities laws themselves. Those laws are based on the premise that market prices for securities reflect and react to publicly available information about those securities and their issuers. Based on that premise, the securities laws rely on private lawsuits to protect stockholders and help deter and correct corporate misconduct.

To read our *amicus* brief, click here.

Corporations like Halliburton must be held accountable when they cheat stockholders. Securities class actions are essential to doing so. That's why this case and brief are so important.

Thanks to Charles Pearsall Goodwin of Berger & Montague, P.C., who authored the brief, with assistance from Yael May of Berger & Montague, P.C., Lisa M. Mezzetti and S. Douglas Bunch of Cohen Milstein Sellers & Toll, PLLC, Public Justice's Brayton-Thornton Attorney Melanie Hirsch, and me.

Thanks to you, too, for your support of Public Justice. Through our Class Action Preservation Project and Access to Justice Campaign, we can -- and must -- preserve access to justice for all.

Arthur Bryant

Executive Director

Public Justice and the
Public Justice Foundation