

“*Saxton* signals a significant expansion of the reach of SLUSA. It appears to open the door to the use of SLUSA in many more circumstances where creative thinking may produce a basis for linking a fraud claim to securities trading.”

—A competing law firm’s perspective on a game-changing 9th Circuit victory won by Pillsbury attorneys

Client:	Officers of Saxton Inc.
Industry:	Real Estate
Areas of Law:	Securities Litigation, Appellate
Venues:	U.S. District Court for the District of Arizona, U.S. Court of Appeals for the 9th Circuit
Result:	Won dismissal of a class action and a 500-plaintiff “mass action,” with the 9th Circuit affirming in both instances

Client:	A major financial services company
Industry:	Financial Services
Area of Law:	Securities Litigation
Venue:	U.S. District Court for the Northern District of California
Result:	Eviscerated a class action lawsuit and resolved it for a fractional amount

Prevailing Through Mastery of a Complex Statute

After Saxton Inc., a real estate development company, filed for bankruptcy in 2000, the company’s officers were sued for alleged misstatements in the company’s SEC filings. But the officers ultimately prevailed in the two suits, largely because of Pillsbury’s novel application of the Securities Litigation Uniform Standards Act (SLUSA).

In a pivotal decision now cited as controlling 9th Circuit authority, the appellate court agreed with Pillsbury that, although the plaintiffs were lenders to, rather than shareholders of, Saxton, their claims nonetheless hinged on a “covered security” governed by SLUSA. That cutting-edge argument by Pillsbury lawyers—which was initially greeted with skepticism from some litigation allies—paved the way for two successive wins at the 9th Circuit.

Saving a Client over \$100 Million in Settlement

A recent wave of securities class actions targeted financial services companies for the industrywide practice of “revenue-sharing”—having mutual fund investment advisers pay part of their advisory fees to broker-dealers in return for selling certain mutual funds. Plaintiffs argued the practice had not been adequately disclosed to investors—even though investors knew exactly how much they were paying in total fees because total fees were disclosed in precisely the format required by the SEC.

Our client, a major financial services company, faced hundreds of millions of dollars in claimed damages. But Pillsbury’s tenacious defense enabled the client to fare significantly better than some others in the mutual funds industry. Over a two-year period, Pillsbury successfully narrowed the plaintiffs’ case from five claims against two broker-dealer subsidiaries to just one claim against one broker-dealer subsidiary. Then a U.S. District Court judge granted our motion for judgment on the pleadings, dismissing that last remaining cause of action.

Our client ultimately agreed to pay a global settlement of \$1.1 million to resolve the case completely, a tiny fraction of the \$750 million originally claimed by the plaintiffs, and far less than the \$125 million in cash and non-cash compensation that another financial services company (not represented by Pillsbury) paid to settle similar allegations.