

Investor Alert

CORONAVIRUS (COVID-19) UPDATE

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CORONAVIRUS: IMPLICATIONS FOR SECURITIES LITIGATION

May 2020

The spread of COVID-19 has had implications for all sectors of the global economy, and securities litigation is no exception. We recognize that our institutional investor clients, eager to seek recovery of investment losses in this era of negative returns, may be concerned about the effects of COVID-19 on prospects for recovery through securities litigation.

Always adapting to the changing environment, Labaton Sucharow believes that the uncertainty created by COVID-19 actually presents new opportunities for institutional investors. Labaton Sucharow has plans in place to ensure its clients' interests are protected despite ostensible difficulties identifying fraud and advancing litigation, and other apparent challenges posed by COVID-19.

IDENTIFYING FRAUD IN VOLATILE MARKETS

Institutional investors may be concerned that there is no good way to identify fraud in light of the dramatic increase in market volatility as COVID-19 has been sweeping the globe. However, with the Firm's robust resources, these events represent an opportunity to detect fraud: Companies that have been hiding improprieties behind the bull market may be capitalizing on the market downturn to issue belated disclosures or move problems off their balance sheets.

The dedicated attorneys in Labaton Sucharow's Case Development Group are closely reviewing instances in which share price declines exceed drops attributable solely to volatility in the markets. In particular, we are scrutinizing opportunely-timed initial public offerings. The team is also assessing the timeliness of disclosures by public companies to the U.S. Securities and Exchange Commission (the SEC) concerning materially

negative performance related to COVID-19. We are able to uncover claims by conducting vigorous investigations of corporate conduct, which we undertake with our internal team of investigators.

ENSURING THE INTERESTS OF PLAINTIFFS ARE PROTECTED

While we are sensitive to the uncertainty COVID-19 has introduced in all business sectors, we are also aware that defendants may abuse the present circumstances. For example, defense counsel may seek indefinite stays of discovery, citing the virus. We feel it is important to challenge unreasonably long proposals to ensure that plaintiffs are not denied their day in court. In a similar vein, the Firm is working with bar associations to make certain that the interests of plaintiffs, and not just defendants, are heard. We are advancing these goals by, among other things, using technology to conduct videoconference depositions and mediations. We already have had some success in resolving matters using these technologies.

We remain committed to safeguarding plaintiffs' rights during these challenging times. Should you have any questions or concerns, please contact the Labaton Sucharow lawyer with whom you usually work or the authors of this alert.

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