



Distribution Process in Class Action and SEC Settlements

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Overview

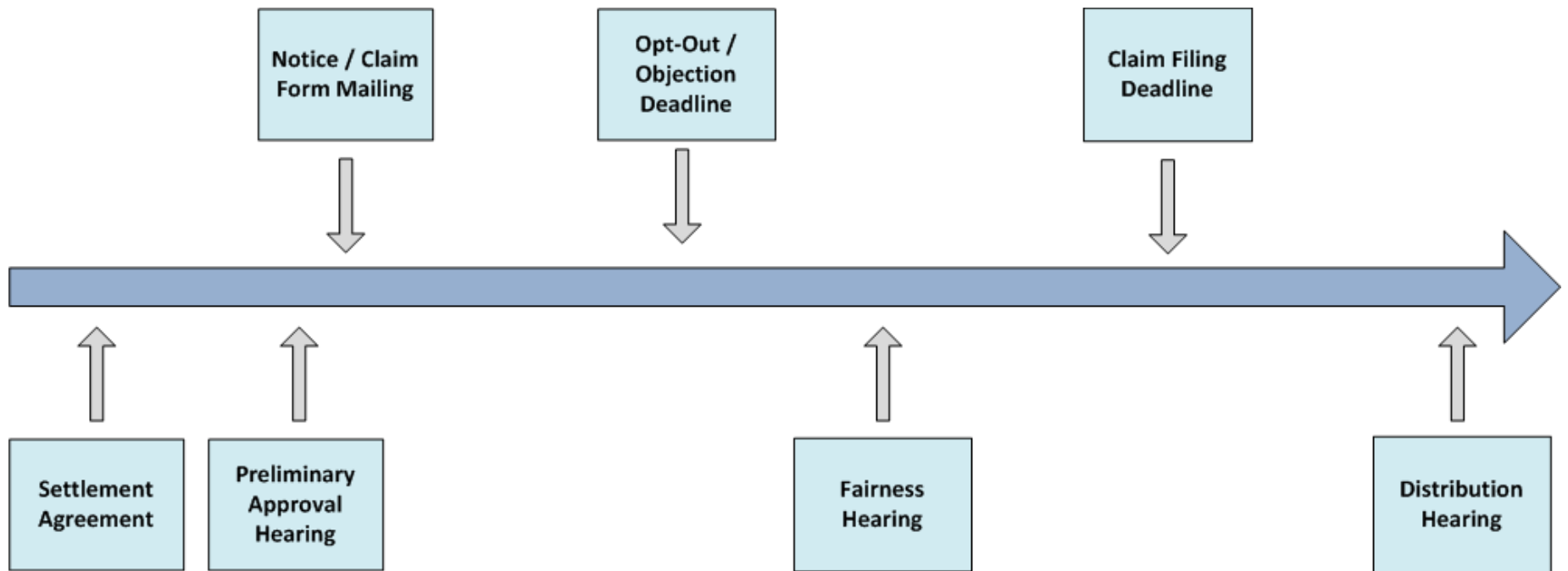


- Description of the distribution process
- Data concerning the distribution process
 - Case studies
- Tensions and suggestions

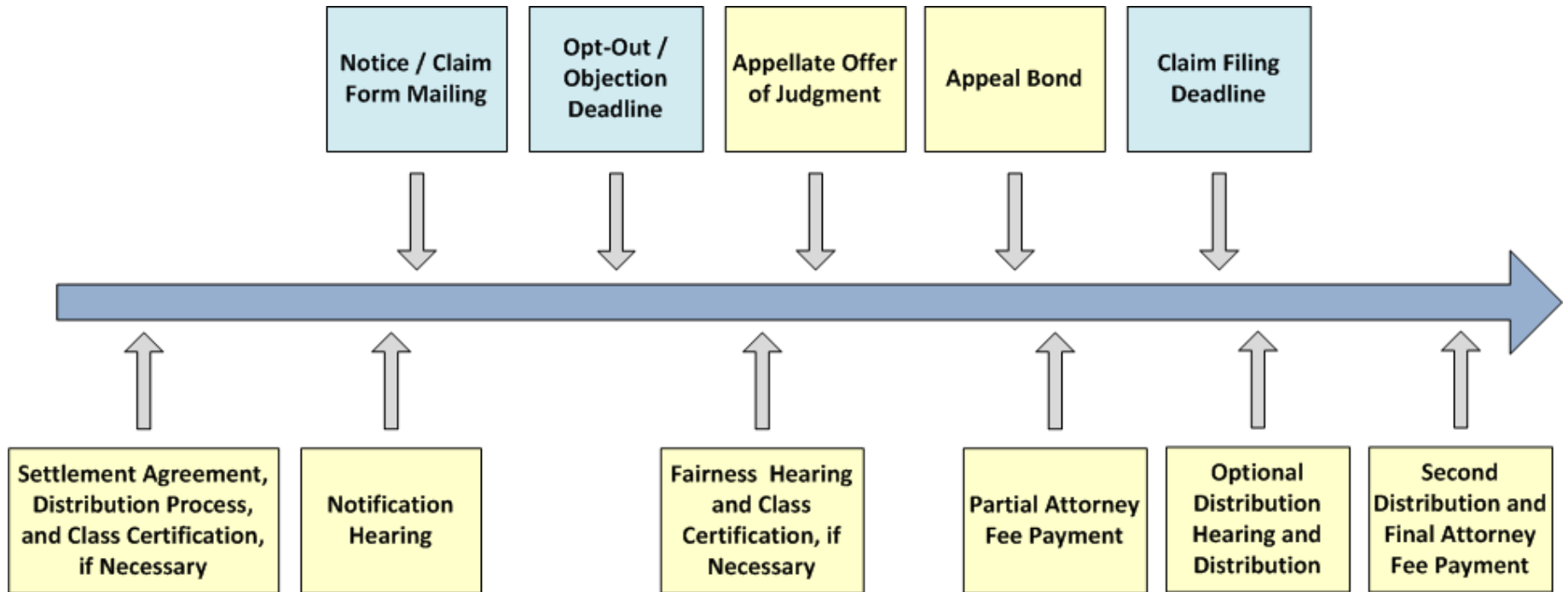
Key Players – Private Class Action Settlements

- Lead plaintiff
- Plaintiff attorney
- Defendant
- Defense attorney
- Judge

Timeline – Private Class Action Settlements



Proposal – Private Class Action Settlements

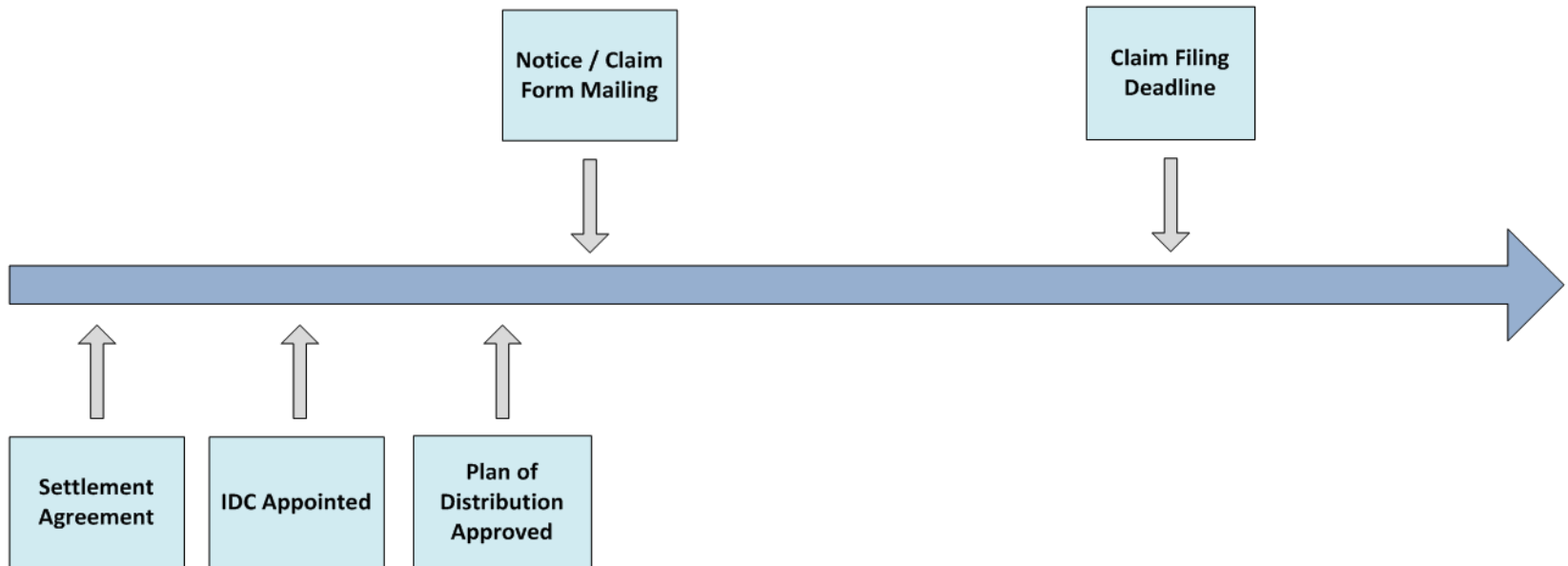




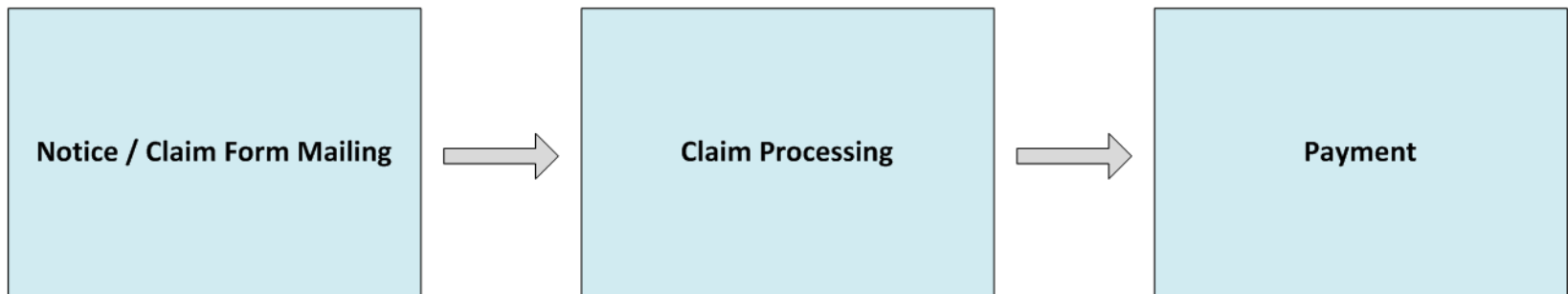
Key Players – SEC Settlements

- SEC
- Defendant
- IDC
 - Claims Administrator
 - Economist
 - Bank

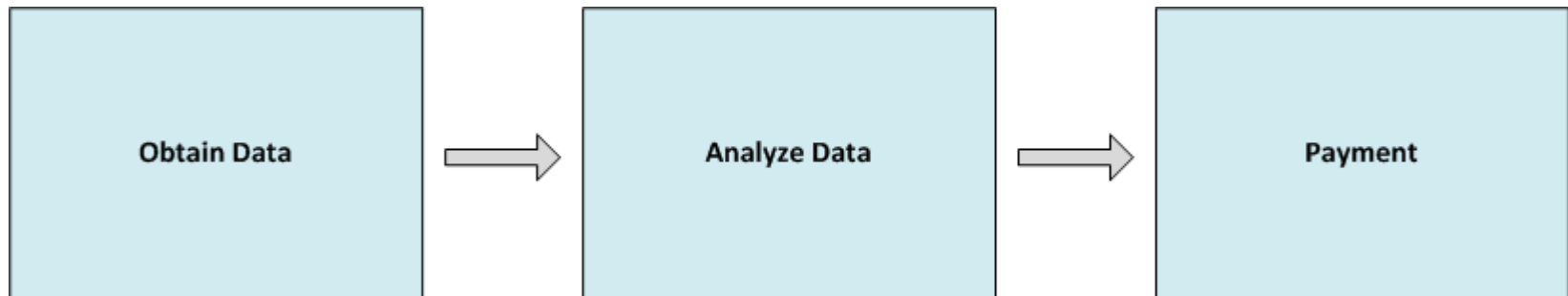
Timeline – SEC Settlements



Claims Administration Process – Claims Made



Claims Administration Process– Not Claims Made



Notice / Claim Form Mailing

- Interface with nominees
- Publication in IBD and direct mail
- Alternative media – WSJ, email
- Support Services – helpline, website
- Blank and pre-populated claim forms
- Electronic filing option for bulk filers

If You Are an Iowa Consumer or Business and Purchased Microsoft Software
A Proposed \$179,950,000 Settlement May Affect Your Rights.
Iowa State and Local Governments are Included

A Proposed Settlement has been reached in a class action lawsuit against Microsoft. This is only a summary. For more information, you should read the detailed Notice of Proposed Class Action Settlement available on the Website or by calling the number below.

Who is a Class Member?
The Class includes consumers and businesses that obtained certain Microsoft software between July 1, 2002 and June 30, 2009, for use in Iowa. If you obtained this software for resale, you are not in the Class.

What is this case about?
Plaintiffs say that Microsoft violated Iowa antitrust and unfair competition laws. The lawsuit claims that this means consumers were overcharged for software. Microsoft denies these claims and claims that it never overcharged anyone for software. The Court did not decide in favor of the Plaintiff or Microsoft. Instead, both sides agreed to this Proposed Settlement.

What does the Proposed Settlement provide?
Microsoft will distribute up to \$179,950,000 in Class payments to consumers and 22 vouchers to volume licensees and/or Iowa state and local governments. The vouchers can be used towards the purchase of computers, certain computer hardware, and certain software.

You can get a cash payment or voucher if you obtained Microsoft software or a computer with the software already installed, for use in Iowa. The cash payments and vouchers are worth:

- \$20 for each Microsoft Office license;
- \$25 for each Microsoft Excel license;
- \$15 for each Microsoft Windows and MSN-DOCS license; and
- \$10 for each Microsoft Word (including those for state and local governments) license.

You can get a cash payment or a voucher for each license you purchased. More information is in a detailed notice available on the Website. If any cash funds that are not claimed will be provided as vouchers for computers, software and networking devices in Iowa public schools under a program to be approved by the Class. The total value of vouchers that are not claimed will also be provided to Iowa public schools.

How do you get benefits?
You can get a cash payment or voucher to get a claim form. To get benefits under the settlement, you have to get a claim form by October 14, 2009. Individual consumers do not have to provide documents or proof of purchase for the software if your claim does not exceed \$200. You just need to verify with a declaration under penalty of perjury that your claim is not false. If your claim exceeds \$200, you must provide additional information. Claims for under \$200 by individual consumers can be submitted to the Web site.

If you are a volume licensee you need a Volume License Claim Form. Iowa state and local governments that did not acquire software through a volume license program need an Iowa State and Local Government Claim Form. All of the claim forms are available at www.IowaMicrosoftCase.com or by calling 1-800-760-6294. Claims over the subject and position apply for false claims.

You will not receive or get up to \$400 of your vouchers. Vouchers may be transferred to anyone who does not intend to sell them. Transferred vouchers may be exchanged up to \$10,000. Vouchers can be transferred only once.

Who Represents Me?
The Class has appointed attorneys to represent the Class. Class Counsel will request \$75 million in attorneys' fees and reasonable expenses. Class Counsel will also request that each of the class representative be awarded \$10,000 for their time and effort. Attorney's fees and expenses and class representative awards will be paid separately by Microsoft and will not reduce the settlement benefits you get.

What are my options?
If you want to stay in the Class, you do not have to do anything. You will be bound by all of the Court's orders. This means you will release any claims you may have against Microsoft that are covered by the Proposed Settlement.

If you do not wish to be a member of the Class and to be legally bound by the settlement, you must exclude yourself by writing if you exclude yourself, you can't get a cash payment or any vouchers. Your request must be postmarked no later than July 30, 2009.

You can tell the Court if you do not like this Proposed Settlement or want part of it if you do not exclude yourself. To object you must send a letter that is postmarked no later than July 30, 2009.

For more details on what is needed to file a claim, exclude yourself from the Class or object to the Proposed Settlement you should read the Notice of Proposed Class Action Settlement available on the Website or by calling 1-800-760-6294.

Will there be a Hearing?
The District Court of Iowa, Fifth Judicial District, will hold a hearing in the case, *Case v. Microsoft Corp.*, Civ. 02-82711, on August 11, 2009. The Court will decide whether to allow the "lawyer" request for fees and expenses and class representative awards. You or your lawyer may appear at the hearing, at your own cost.

For more information:
Call: 1-800-760-6294 or Visit: www.IowaMicrosoftCase.com

Claim Processing

- Receipt and response rate calculation
- Validity determination
- Deficiency processing
- Fraud prevention and detection
- Payment calculation
 - Notification
 - Pro rata
 - *De minimis*



Payment

- File approval
- Mailing and wire transfers
- Single payments to bulk filers
- Follow up on undelivered and uncashed checks
- Payment review/appeal process



Participation Rates in Private Securities Litigation Settlement Distributions

- Study: 52 Cases
- Settlement years: 2000-2008
- Analysis:

2001 - 2004 25

2005 - 2008 27

Statistical Study Results

1. Settlements increased in value

Settlement Distribution Year	Cases	Average Inflation Adjusted Settlement Amount	Median Inflation Adjusted Settlement Amount
2001-2004	25	\$70, 410,879	\$12,162,487
2005-2008	27	\$343,240,215	\$19,848,665

Statistical Study Results

2. Estimated number of potentially eligible shares increased

Distribution Year	Cases	Average Shares Potentially Eligible	Median Shares Potentially Eligible
2001-2004	25	343,518,934	41,972,717
2005-2008	27	972,312,360	125,893,995
		183%	200%

Statistical Study Results

3. Number of claim forms mailed increased

Distribution Year	Cases	Average Claim Forms Mailed	Median Claim Forms Mailed
2001-2004	24	225,509	26,089
2005-2008	24	479,950	35,069
		113%	34%

Statistical Study Results

4. Number of eligible claims and shares filed increased

Distribution Year	Cases	Average Eligible Claims	Median Eligible Claims	Average Eligible Shares	Median Eligible Shares	Average Eligible Shares Per Claim	Median Eligible Shares Per Claim
2001-04	25	36,417	4,918	198,541,998	17,865,250	6,549	5,260
2005-08	27	80,285	4,995	443,720,763	48,399,127	10,532	7,247
		120%	2%	123%	171%	61%	38%

Statistical Study Results

5. Electronic claims increased

Claim Filing Deadline Year	Cases	Average Electronic Claims	Median Electronic Claims	Average % Electronic Claims	Median % Electronic Claims
2001-04	12	10,119	293	14%	10%
2005-08	18	62,540	3,336	45%	41%

Statistical Study Results

6. Larger settlements, longer filing periods, and more potentially eligible shares resulted in more claims filed

Term	Estimate	Std Error	t Ratio	Prob> t
Intercept	-1336184	163484.8	-8.17	<.0001*
Inflation Adjusted Cash Settlement fund	31379.196	13424.94	2.34	0.0243*
Filing Window - date from mailing of claim forms to claim filing deadline	45685.649	22570.12	2.02	0.0493*
Shares Potentially Eligible	47906.677	13197.14	3.63	0.0008*

Statistical Study Results

7. Between 40% and 60% of potentially eligible shares were filed and determined eligible for payment

Distribution Year	Cases	Average % Shares Eligible	Median % Shares Eligible
2001-04	25	48%	38%
2005-08	27	55%	46%

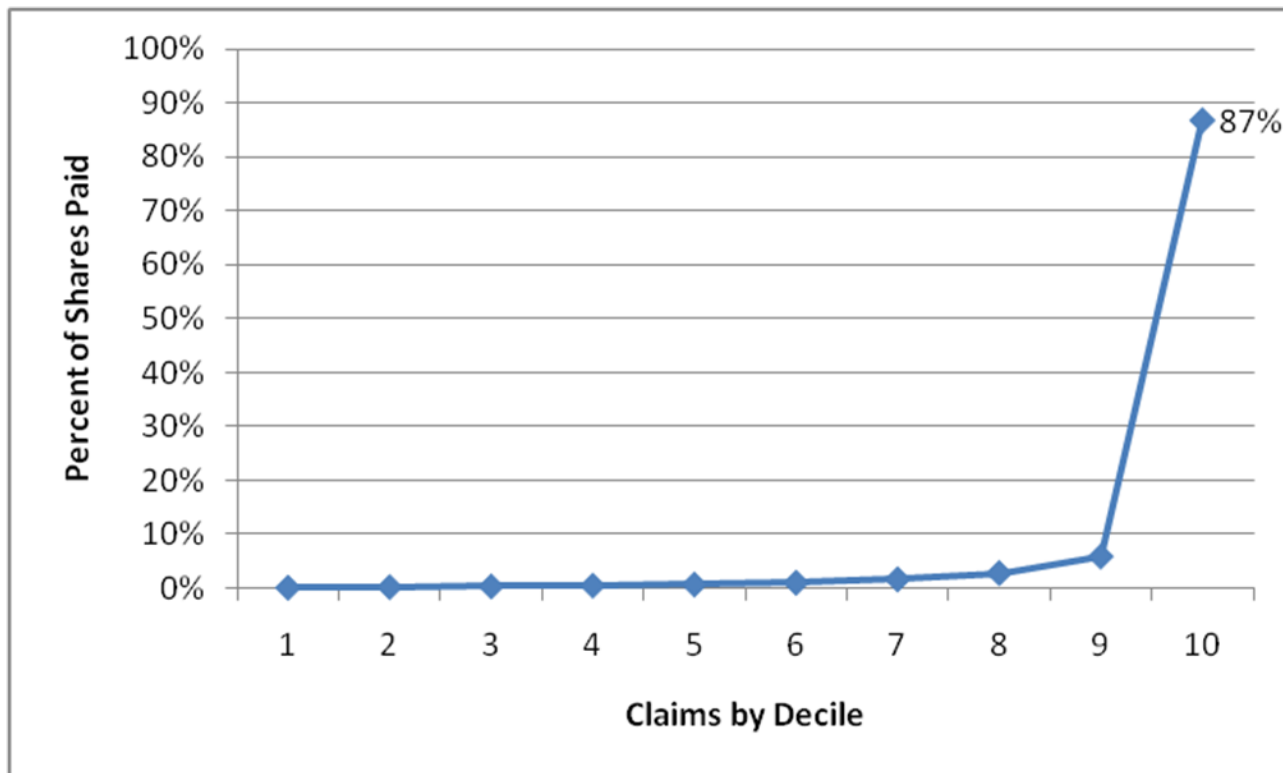
Statistical Study Results

8. Longer class period and larger numbers of eligible shares are associated with a larger percentage of eligible shares paid and more complex plans of distribution are associated with a smaller percentage

Term	Estimate	Std Error	t Ratio	Prob> t
Intercept	0.1992055	0.083137	2.40	0.0216*
Length of Class Period	0.0859118	0.026262	3.27	0.0023*
Shares per Eligible Claim	0.0024398	0.000993	2.46	0.0187*
Complex Plans	-0.112444	0.06383	-1.76	0.0862

Statistical Study Results

9. Approximately 90% of settlement funds are consistently paid to 10% of the claims.



Mass Settlements Often Pose Goldilocks Dilemma

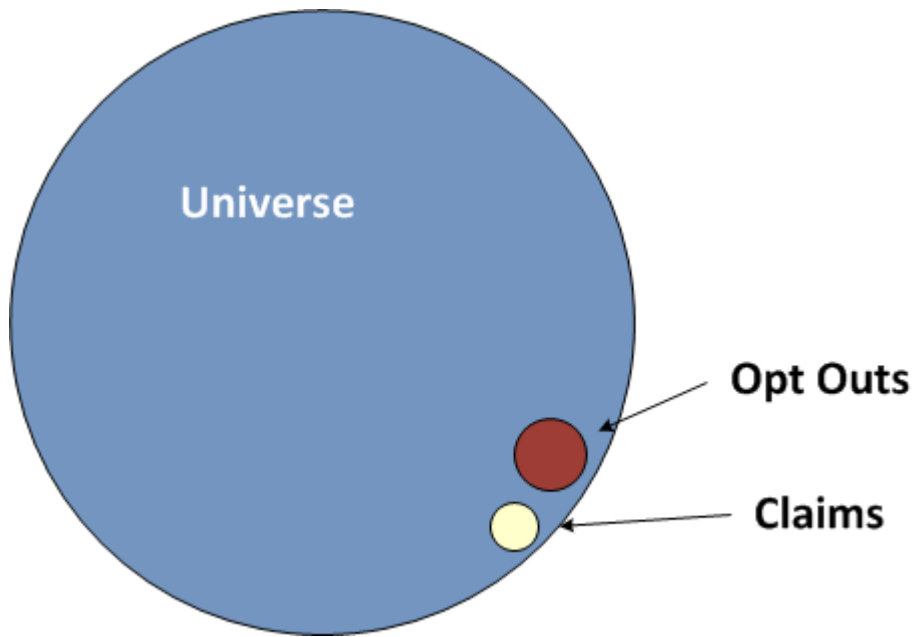


Potential Disaster Scenarios

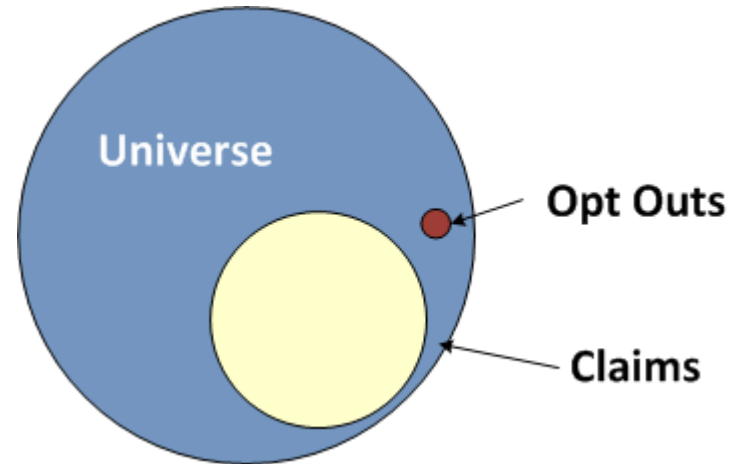
- Too many opt-outs
- Too few claims
- Too many claims
- Too little money
- Too much money

Too Many Opt Outs

Average Wholesale Price Antitrust Litigation

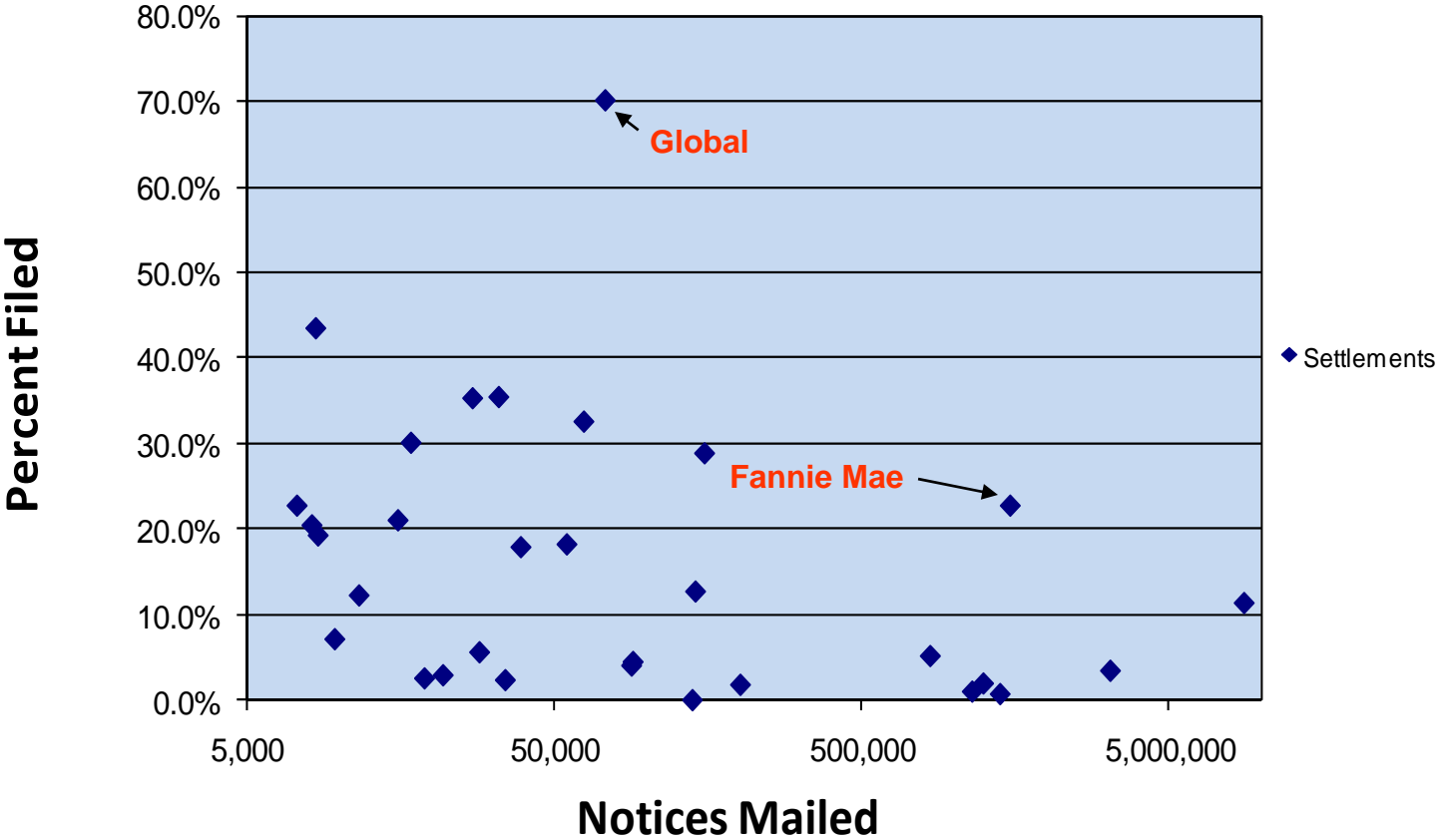


Status Quo



Judicial Management

Too Few Claims



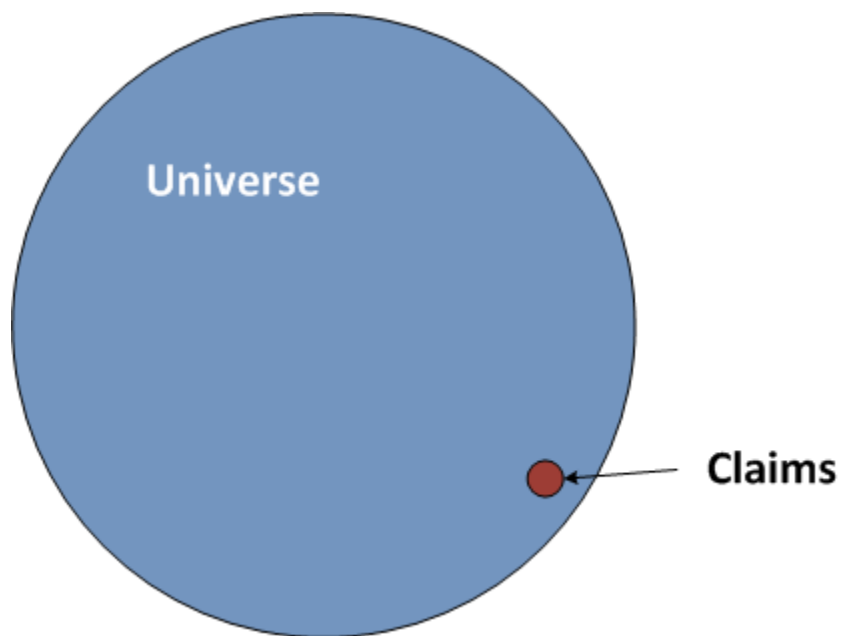
Too Many Claims

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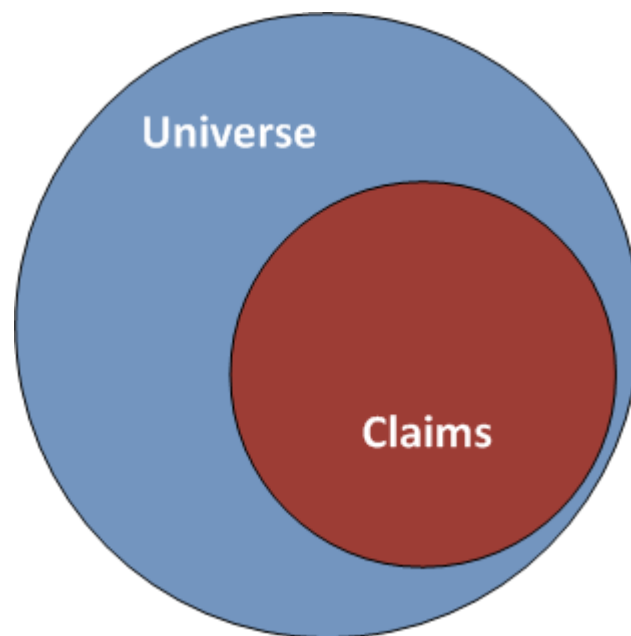


Too Few Claims and Too Many Claims

Foreign Currency Conversion



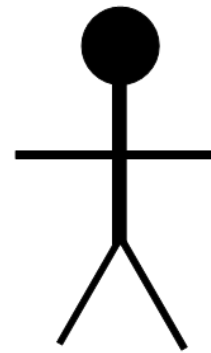
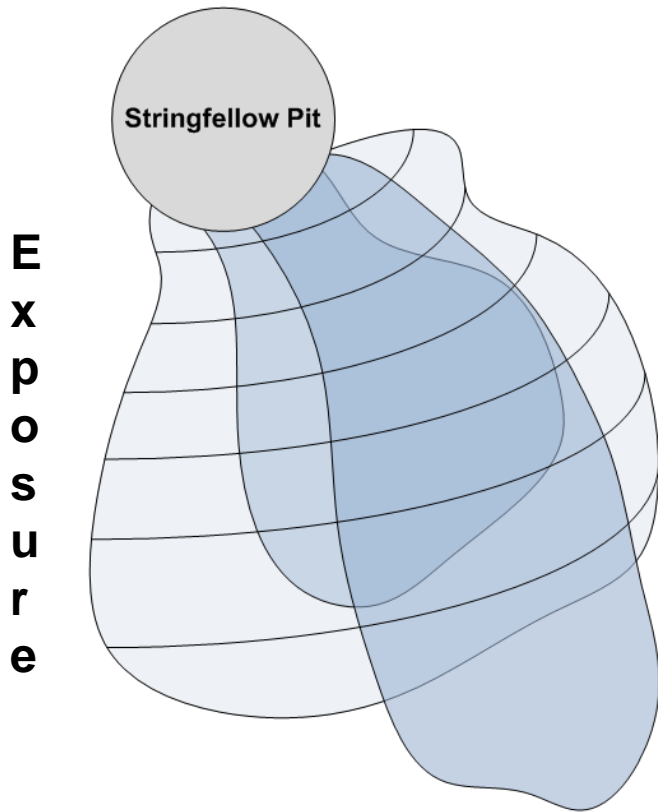
Status Quo



Filing Options

Too Little Money

Stringfellow Pit



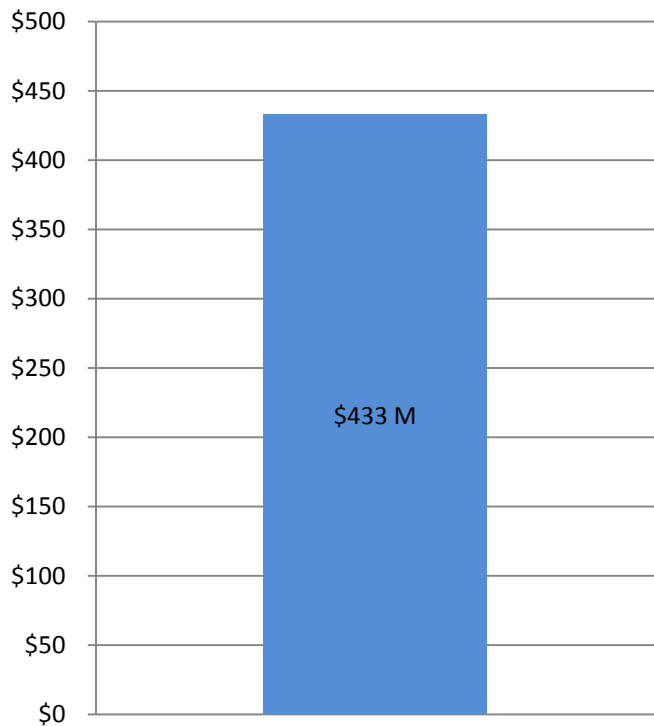
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Points

Age				
Disease				
Flat Amount				
Property				

Too Much Money

Global Research Analyst Settlement



Fund Total



Fund Distribution

Trade Offs

Time ↔ **Cost** ↔ **Quality**

Tensions

- Defining data and filing responsibility
 - Legal
 - Contractual
- Data
 - Transaction data retention and transfer
 - Account holder contact data retention
- Customer privacy
 - Legal
 - Contractual

Tensions, Contd.

- Notice/Claim Form Mailing
 - Obtaining CUSIPs and other information needed for filing
 - Forwarding notice/supplying names and addresses
 - Duplication and due process
- Claims Processing
 - Deadlines
 - Electronic filing
 - Deficiencies
 - Receipt of claim notification

Tensions, Contd.

- Payment
 - Deadlines for depositing monies
 - Single and multiple checks/wires
 - Claim status disposition
 - Shares/warrants distribution
 - Un-cashed checks and closed accounts
 - Interest

Claim Filing Suggestions

- Establish agreements with clients for filing and data retention/transfer responsibility
 - Closed accounts
 - New accounts
- Establish financial arrangements with clients
- Establish alternative arrangements
 - Filing service
 - Self filing
 - Other
- Record authority to file internally

Other Suggestions

- Communicate with claims administrators
 - Eligibility guidelines
 - Electronic filing templates
 - Authority to file
 - Fraud prevention and data confidentiality
 - Wire transfers
 - Deficiency codes
 - Escheatment

Other Suggestions, Contd.

- Arrange needed services from claims administrators
 - Notification of receipt of claim
 - Disposition of claims filed
 - Bulk deficiency processing
 - Deadline reminders/advance notice of payment
 - Accounting for disbursements from single wire/check

Other Suggestions, Contd.

- Seek improvements
 - Greater standardization across cases
 - Time to file/respond
 - Deadline date
 - Better organization and timing of information needed for filing
 - All CUSIPS
 - Corporate actions
 - Derivatives eligible

Other Suggestions, Contd.

- Seek improvements, contd.
 - Improved processes for bulk filers
 - Electronic filing
 - Electronic deficiency processing
 - Single check/wire
 - Changes in Plans of Distribution
 - Guidelines on eligibility of purchase alternatives
 - Instructions to return un-deposited monies to funds