



FOR IMMEDIATE RELEASE

September 6, 2017

Media Contact: Grace Galvin | ggalvin@wlf.org | 202-588-0302

WLF Asks Supreme Court to Maintain the Delicate Balance of Securities Litigation System

(Cyan, Inc. v. Beaver County Employees Retirement Fund)

“Congress adopted securities reform laws in the 1990s to ensure procedural fairness for companies hit with class action lawsuits following a drop in the value of their common stock. Plaintiffs have sought to avoid those reforms by filing their class actions in state court. But the only reasonable interpretation of the reform laws is that Congress intended these class actions to be filed in federal court.”

—Richard Samp, WLF Chief Counsel

WASHINGTON, DC—Washington Legal Foundation filed an *amicus* brief yesterday in the United States Supreme Court, supporting the Petitioners in *Cyan, Inc. v. Beaver County Employees Retirement Fund*, a case from the California Court of Appeal.

At question in this class action lawsuit is the Securities Litigation Uniform Standards Act (SLUSA), which amended the Securities Act of 1933 to remove state-court subject matter jurisdiction over certain “covered class actions” alleging violations of the securities laws. California courts claim that a loophole in SLUSA actually permits such lawsuits to be filed in state court. WLF’s brief argues that plaintiffs’ lawyers are using those California decisions to dismantle the protections Congress intended to provide to corporate defendants when it adopted SLUSA. Many of those protections apply only to class actions filed in federal court, so plaintiffs can side-step the protections if they can keep the cases in state court.

WLF’s *amicus* brief also focuses broadly on the securities litigation system in which SLUSA was designed to operate. WLF argues that Congress’s intent to establish exclusive federal-court jurisdiction over all securities class actions becomes evident if one views SLUSA within that broader context.

WLF’s brief further explains how lawmakers designed SLUSA to prevent plaintiffs from circumventing the Private Securities Litigation Reform Act of 1995 (PSLRA)—legislation meant to discourage the filing of abusive and unmeritorious class actions that result in extortionate settlements. WLF argues that Congress adopted SLUSA and PSLRA in order to balance the goal of preventing corporate fraud with the need to protect against frivolous lawsuits.

WLF asks that the Supreme Court reverse the California Court of Appeal’s decision and maintain the balance of the securities litigation system crafted by Congress.

Douglas W. Greene and Kristin Beneski of Lane Powell PC provided valuable *pro bono* assistance to WLF in filing this *amicus* brief.

Celebrating its 40th year, WLF is America’s premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.