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Auditor Defendants in Securities Class-Action Claims

Audit Analytics performed this research in response to subscriber interest in the Wall Street Journal article of November 1, 2006 entitled “*Booming Audit Firms Seek Shield on Suits.*” The article discusses the debate involving the possible creation of a liability cap for audit firms in securities class action lawsuits. To provide context, the article presents a graph that displays, for the years of 2002, 2003, 2004, and 2005, the number of class-action lawsuits in the United States citing an auditor as a defendant.

As shown above, the Audit Analytics database identifies a much larger number of cases where the auditor has been brought into the action as a defendant. The Audit Analytics data is limited to the Big 4 audit firms involved in securities class action cases filed in federal district court (excluding New Mexico). The difference in figures could be due to varying approaches in counting civil actions. For example, Audit Analytics counted all actions filed even if the courts subsequently consolidate more than one case. In addition, Audit Analytics counts cases that do not initially name an auditor as a defendant, but subsequently bring the auditor into the action as a defendant after the discovery process in the civil action reveals additional information. A case is listed even if the matter has been closed or the auditor dismissed or settled its portion of the case on its own as an individual party. The fact that an auditor has been named as a defendant only shows that certain allegations have been asserted in a particular civil action and not proof of any wrongdoing whatsoever on the part of the auditor.

**Big 4 Securities Class Action Litigation
Citing Auditor as Defendant in 2005**

	Title	Court	Auditor	Case Began
1	Delphi Corporation Securities Litigation	New York Southern District	Deloitte & Touche LLP	2005-03-07
2	Raphael v. Delphi Corporation et al	Michigan Eastern District	Deloitte & Touche LLP	2005-03-30
3	Huffman v. Automatic Data Processing, Inc. et al	Missouri Western District	Deloitte & Touche LLP	2005-11-30
4	Direct General Corporation Securities Litigation	Tennessee Middle District	Ernst & Young LLP	2005-01-31
5	CIB Marine Bancshares Securities Litigation	Illinois Central District	KPMG LLP	2005-01-14
6	Smajlaj v. Brocade Communications Systems Inc et al	California Northern District	KPMG LLP	2005-05-19
7	BearingPoint Inc Securities Class Action Litigation	Virginia Eastern District	PricewaterhouseCoopers LLP	2005-04-25
8	Gagov v. Doral Financial Corporation et al	New York Southern District	PricewaterhouseCoopers LLP	2005-05-31
9	Garcia-Flores v. Doral Financial Corporation et al	New York Southern District	PricewaterhouseCoopers LLP	2005-11-02

* The data above includes securities class action cases filed in all federal district courts other than New Mexico (a total of 90 courts). Every action filed is counted even if it is subsequently consolidated into another action. The list above, includes cases that do not initially name an auditor as a defendant, but subsequently bring the auditor into the action as a defendant. A case is identified even if it has been closed or the auditor dismissed or settled its portion of the case on its own. The fact that an auditor has been named as a defendant in a civil action only indicates that certain allegations have been asserted in the action and not proof of any wrongdoing whatsoever on the part of the auditor.

**Big 4 Securities Class Action Litigation
Citing Auditor as Defendant in 2004**

	Title	Court	Auditor(s)	Case Began
1	In Re Parmalat Securities Litigation	New York Southern District	Deloitte & Touche LLP	2004-01-05
2	NovaStar Financial, Inc. Securities Litigation	Missouri Western District	Deloitte & Touche LLP	2004-04-14
3	Marsh & McLennan Companies, Inc. Securities Litigation	New York Southern District	Deloitte & Touche LLP	2004-10-15
4	Santos v. AAI Pharma Inc et al	North Carolina Eastern District	Ernst & Young LLP	2004-02-12
5	NDCHealth Corporation Securities Litigation	Georgia Northern District	Ernst & Young LLP	2004-04-07
6	Cardinal Health Inc Securities Litigation	Ohio Southern District	Ernst & Young LLP	2004-07-02
7	Vistacare Inc Securities Litigation	Arizona District	Ernst & Young LLP	2004-08-11
8	Bally Total Fitness Holding Corporation Securities Litigation	Illinois Northern District	Ernst & Young LLP (also see PwC below)	2004-05-25
9	Hollinger International, Inc. Securities Litigation	Illinois Northern District	KPMG LLP	2004-02-02
10	SPSS Inc Securities Litigation	Illinois Northern District	KPMG LLP	2004-05-14
11	Wireless Facilities Inc Securities Litigation	California Southern District	KPMG LLP	2004-08-05
12	In re Fannie Mae Securities Litigation	District of Columbia District	KPMG LLP	2004-09-22
13	Morgan v. DiCamillo et al	New York Southern District	KPMG LLP	2004-10-20
14	Hofmann v. Laughlin et al	Massachusetts District	PricewaterhouseCoopers LLP	2004-01-07
15	Krispy Kreme Doughnuts, Inc. Securities Litigation	North Carolina Middle District	PricewaterhouseCoopers LLP	2004-05-12
16	BISYS Group Inc Securities Litigation	New York Southern District	PricewaterhouseCoopers LLP	2004-05-19
17	Hibernia Foods, PLC. Securities Litigation	New York Southern District	PricewaterhouseCoopers LLP	2004-06-15
18	Yukos Oil Company Securities Litigation	New York Southern District	PriceWaterhouseCoopers LLP	2004-07-02
19	In Re Red Hat Inc Securities Litigation	North Carolina Eastern District	PricewaterhouseCoopers LLP	2004-07-14
20	American International Group Inc Securities Litigation	New York Southern District	PricewaterhouseCoopers LLP	2004-10-15
21	Central Lab PenFd v. Sirva Inc, et al	Illinois Northern District	PricewaterhouseCoopers LLP	2004-11-24
22	Montreal Pension Pla, et al v. Banc of America Sec, et al	Florida Southern District	PricewaterhouseCoopers LLP	2004-12-14
23	In re Metropolitan Securities Litigation	Washington Eastern District	PricewaterhouseCoopers LLP and Ernst & Young	2004-01-20

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Big 4 Securities Class Action Litigation
Citing Auditor as Defendant in 2003

	Title	Court	Auditor	Case Began
1	Fifth Third Bancorp Securities Litigation	Ohio Southern District	Deloitte & Touche LLP	2003-03-25
2	Spinks v. Kezsbom, et al	Florida Middle District	Deloitte & Touche LLP	2003-05-30
3	Lloyds TSB Bank PLC v. Bank One, N.A., et al	New Jersey District	Deloitte & Touche LLP	2003-06-09
4	In re: Royal Ahold N.V. Securities	Maryland District	Deloitte & Touche LLP	2003-06-19
5	Fleming Companies, Inc. Securities Litigation	Texas Eastern District	Deloitte & Touche LLP	2003-07-08
6	WR Huff Asset v. Deloitte & Touche et al	New York Southern District	Deloitte & Touche LLP	2003-08-01
7	MicroFinancial Inc Securities Litigation	Massachusetts District	Deloitte & Touche LLP	2003-09-26
8	ClearOne Communications, Inc. Securities Litigation	Utah District	Ernst & Young LLP	2003-01-16
9	Carreker Corp Securities Litigation	Texas Northern District	Ernst & Young LLP	2003-02-05
10	Sprint Corporation : FON and PCS Common Stock Securities Litigation	Kansas District	Ernst & Young LLP	2003-02-14
11	Ferrari, et al v. Accredo Health, Inc., et al	Tennessee Western District	Ernst & Young LLP	2003-04-08
12	Davis v. HealthSouth Corp, et al	Alabama Northern District	Ernst & Young LLP	2003-04-15
13	The Morgan Group, Inc. Securities Litigation	New York Southern District	Ernst & Young LLP	2003-04-29
14	Triplos Inc Securities Litigation	Missouri Eastern District	Ernst & Young LLP	2003-07-23
15	Milana et al v. AOL Time Warner et al	New York Southern District	Ernst & Young LLP	2003-07-29
16	Andrews v. Ernst & Young LLP	California Northern District	Ernst & Young LLP	2003-10-30
17	Friedman's Inc Securities Litigation	Georgia Northern District	Ernst & Young LLP	2003-11-14
18	Dynacq Healthcare Inc Securities Litigation	Texas Southern District	Ernst & Young LLP	2003-12-24
19	Morgan Group Holding Co - Ernst & Young Financial Reporting Class Action	New York Southern District	Ernst & Young LLP	2003-04-29
20	Acclaim Entertainment, Inc. Securities Litigation	New York Eastern District	KPMG LLP	2003-03-14
21	Blank v. Jacobs et al	New York Eastern District	KPMG LLP	2003-05-01
22	Central Parking Corporation Securities Litigation	Tennessee Middle District	KPMG LLP	2003-06-18
23	Amerco Securities Litigation	Nevada Distric	PricewaterhouseCoopers LLP	2003-01-28
24	Flowserve Corporation Securities Litigation	Texas Northern District	PricewaterhouseCoopers LLP	2003-08-07
25	Aerosonic Corporation Securities Litigation	Florida Middle District	PriceWaterhouseCoopers LLP	2003-11-21
26	Redback Networks, Inc. Securities Litigation	California Northern District	PricewaterhouseCoopers LLP	2003-12-15

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Big 4 Securities Class Action Litigation Citing Auditor as Defendant in 2002

	Title	Court	Auditor	Case Began
1	Actrade Financial Technologies, Inc. Securities Litigation	New York Southern District	Deloitte & Touche LLP	2002-02-15
2	Reliant Energy Inc Securities Litigation	Texas Southern District	Deloitte & Touche LLP	2002-05-16
3	Duke Energy Corp. Securities Litigation	New York Southern District	Deloitte & Touche LLP	2002-05-23
4	AMRESKO Securities Litigation	Texas Northern District	Deloitte & Touche LLP	2002-07-26
5	Fleming Companies, Inc. Securities Litigation	Texas Eastern District	Deloitte & Touche LLP	2002-08-29
6	Van Wagoner Emerging Growth Fund Securities Litigation	Delaware District	Ernst & Young LLP	2002-01-03
7	Williams Companies, Inc. Securities Litigation	Oklahoma Northern District	Ernst & Young LLP	2002-01-29
8	PNC Financial Services Securities Litigation	Pennsylvania Western District	Ernst & Young LLP	2002-02-01
9	Lantronix, Inc. Securities Litigation	California Central District	Ernst & Young LLP	2002-05-14
10	Beverly Enterprises, Inc. Securities Litigation	Arkansas Western District	Ernst & Young LLP	2002-08-16
11	OHSL Financial Corp. Securities Litigation	Ohio Southern District	Ernst & Young LLP	2002-08-23
12	OM Group Inc. Securities Litigation	Ohio Northern District	Ernst & Young LLP	2002-11-01
13	In Re SmartForce PLC Securities Litigation	New Hampshire District	Ernst & Young LLP	2002-11-22
14	Stonington Partners, et al v. Dammekens, et al	Massachusetts District	KPMG LLP	2002-02-21
15	Bamberg, et al v. Lernout, et al	Massachusetts District	KPMG LLP	2002-02-21
16	Professional Mgmt, et al v. KPMG LLP	Minnesota District	KPMG LLP	2002-03-01
17	Nyack Hospital: Bonds Securities Litigation	New York Southern District	KPMG LLP	2002-04-30
18	WorldCom Inc. Securities Litigation	New York Southern District	KPMG LLP	2002-04-30
19	Hayes Lemmerz International, Inc.: Bonds Securities Litigation	Michigan Eastern District	KPMG LLP	2002-05-04
20	WorldCom, Inc. Securities Litigation	New York Southern District	KPMG LLP	2002-06-25
21	Professional Mgmt v. KPMG LLP	Minnesota District	KPMG LLP	2002-10-17
22	Reginald Newton, et al v. Tenet Healthcare, et al	California Central District	KPMG LLP	2002-11-04
23	Footstar, Inc. Securities Litigation	New York Southern District	KPMG LLP	2002-11-14
24	Annuity and Life Re (Holdings), Ltd. Securities Litigation	Connecticut District	KPMG LLP	2002-12-02
25	Hanover Compressor Company Securities Litigation	Texas Southern District	PriceWaterhouseCoopers LLP	2002-02-04
26	D E J L P v. Conaway et al	Michigan Eastern District	PricewaterhouseCoopers LLP	2002-02-21
27	Edison Schools, Inc. Securities Litigation	New York Southern District	PriceWaterhouseCoopers LLP	2002-05-15
28	360Networks Inc Securities Litigation	New York Southern District	PriceWaterhouseCoopers LLP	2002-06-21
29	El Paso Corporation Securities Litigation	Texas Southern District	PriceWaterhouseCoopers LLP	2002-07-18
30	HPL Technologies Inc. Securities Litigation	California Northern District	PriceWaterhouseCoopers LLP	2002-07-23
31	ICN Pharmaceuticals Inc Securities Litigation	California Central District	PricewaterhouseCoopers LLP	2002-07-30

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