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# 2025 D&O Databox™

## Mid-Year Report



The D&O Databox™ Mid-Year Report provides insights about securities class action activities, developments, and historical trends—sourced from Databox, our proprietary database and leading resource for securities class action data over the last 30+ years. Databox powers our analysis of the D&O litigation environment and enables public companies—and those looking to go public—to assess their management liability risks with more precision and clarity. This edition of the Databox Mid-Year Report reviews securities class action filings and settlements for the first half of 2025.

# Securities Class Action Filing Activity in 2025 Is Slightly Down Compared to 2024

One hundred cases were filed in the first half of 2025.


The first quarter had robust filing activity of 61 cases, but activity slowed in the second quarter with a 36% drop in filings.

In total, however, the filings in the first half of 2025 tracked closely with same period in the previous year, as illustrated in the chart to the right.

What will happen in the second half of the year? We don't know if the past will predict the future. Nevertheless, our review of filing activity in the last 10 years leads us to expect a steady stream of filings continuing into the second half of the year, with the possibility of a slight drop in filings. Looking back 10 years, the average percentage of filing activity in the first half of the year versus the second half of the year breaks down as follows:

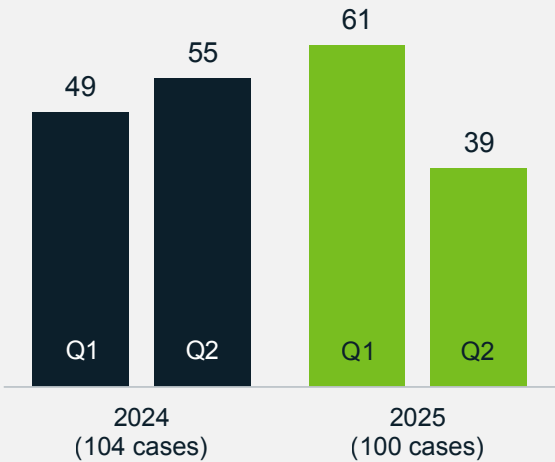
51%	49%
1H – Jan to Jun	2H – Jul to Dec

How many cases might be filed in 2025?



**200 potential cases filed in 2025\***  
(as compared to 206 filed in 2024)  
\*Based on an average of 16.7 cases per month

**Securities Class Actions Filed\***  
1H 2024 vs. 1H 2025



\* For purposes of tracking issuer-related securities litigation, Databox focuses exclusively on securities class action lawsuits filed in US federal and state courts against public companies by holders of common or preferred stock. The count does not include pre-M&A class action suits or derivative suits.

The 200 potential cases would fall in the range of the five- and 10-year averages for annual filings:

191 cases	204 cases
Five-Year Average	10-Year Average

# Technology Is Still #1 in Filings

When analyzing lawsuits by industry, 60% of all filings were found to be against technology and biotechnology companies (as compared to 54% in 2024).

Compared to 2024:



Total suits against **biotechnology** companies are currently up 8 percentage points (17% in 2024)

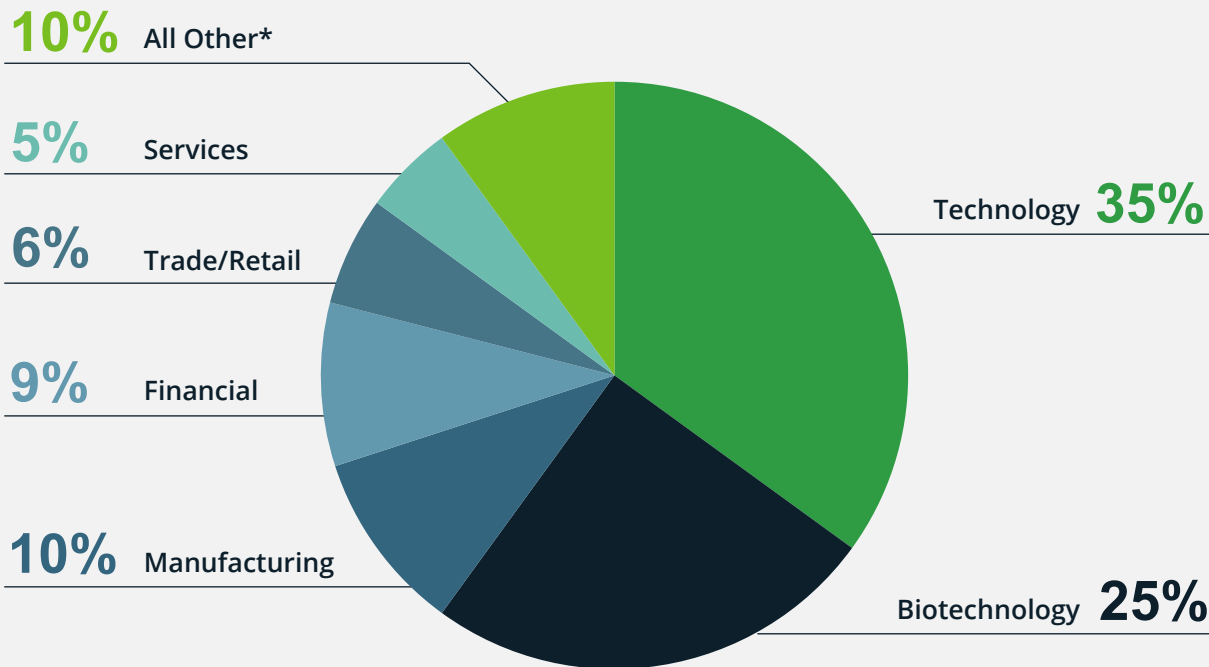


Total suits against **manufacturing** companies are currently down 7 percentage points (17% in 2024)

The top three industries sued have not changed since 2021:

- Technology
- Biotechnology
- Manufacturing

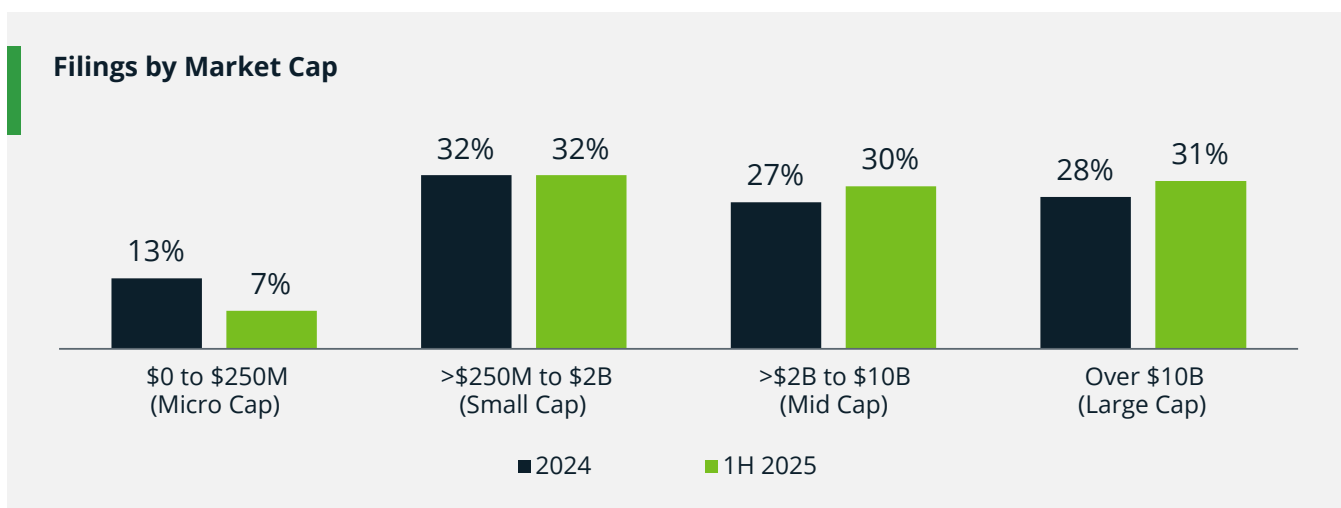
## SCA Filings by Industry (1H 2025)



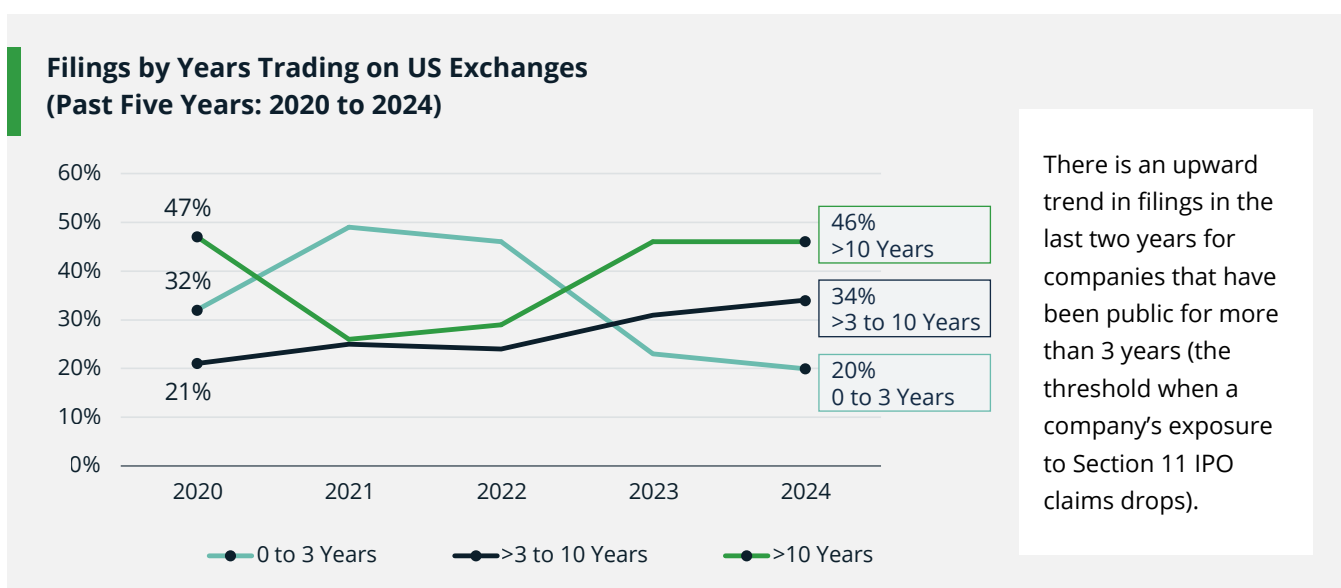
\* All Other: Mining (4%), Energy (3%), Transportation (2%), Construction (1%)

## Filings by Size and Trading History: Uptick in Suits Against Mature Companies

Thus far in 2025, filings are evenly distributed between companies in the small-, mid-, and large-cap ranges, with micro-cap companies making up a small percentage of all filings. The following is a breakdown by market cap ranges for 2024 and 1H 2025:

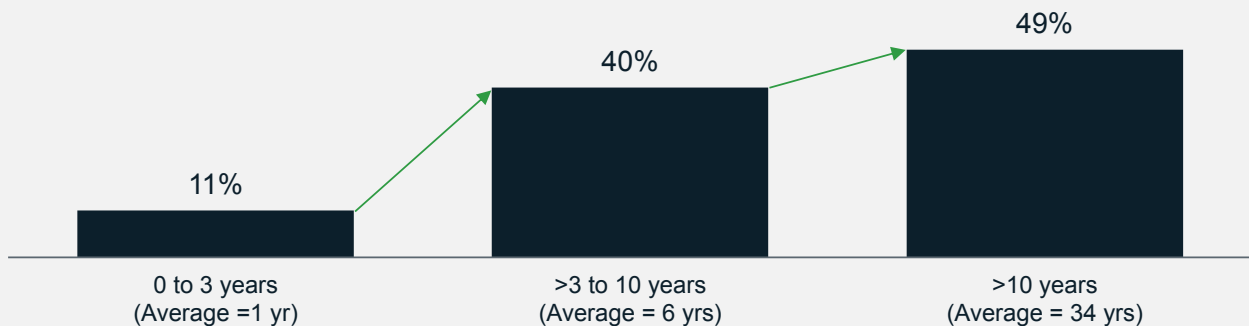


As we had noted in our [D&O Databox 2024 Year-End Report](#), IPO and SPAC/de-SPAC companies (specialty purpose acquisition companies) are not fueling securities class action filing activity as had been the case in years past. The decrease in such companies going public as a result of stock market and regulatory concerns in the last few years has translated into fewer less-established public companies being sued. The chart below illustrates the filing activity breakdown between younger and more mature companies in the last five years.



This upward movement in filings against mature companies that we saw in 2024 has continued in the first half of 2025, as shown below:

### Filings by Trading History for 1H 2025 (Years Trading on a US Exchange)



Following this trend of large mature companies being sued, in 1H 2025, several high-profile brand-name companies became defendants in securities class actions. The reasons for the stock drops were varied.

### SCA Filings Against High-Profile Companies

Entity	Event Matter	Case Allegations
Apple	Artificial Intelligence	Alleged misrepresentation of their ability to upgrade their products with artificial intelligence capabilities on an aggressive timeline.
Crocs, Inc.	Acquisition	Alleged misrepresentation of revenue growth pertaining to their Feb 2022 acquisition of HEYDUDE, a casual, lightweight footwear company.
Grocery Outlet	Operations	Alleged misrepresentation of its ability to seamlessly transition to a new and upgraded enterprise resource planning system that resulted in ordering and inventory disruptions, negatively impacting store sales.
Petco	COVID-19	Alleged misrepresentation of being able to sustain revenue growth in the post-pandemic period of COVID-19 by shifting its focus to healthy premium pet foods.
Target	ESG/DEI	Allegations of misrepresentations about the benefits of ESG/DEI initiatives and the impact they would have on the company. In May 2023, the company introduced an LGBT-Pride campaign in its stores that offended certain customers and led to the company pulling the campaign. Consumers for and against the campaign boycotted the store, resulting in lower sales revenue.

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Despite the relatively muted number of companies going public, a handful of companies were sued for their IPO in 1H 2025.

**Companies Sued for Section 11 IPO Claim:**

5% of SCAs were filed against the following IPO companies:

- BioAge Labs, Inc.
- Ibotta, Inc.
- Neumora Therapeutics, Inc.
- Venture Global, Inc.
- Zenas BioPharma, Inc.

Foreign companies trading on US stock exchanges are not immune to SCAs either.

**International HQ's Companies:**

15% of SCAs were filed against companies located in the following global regions:

- Asia Pacific: Australia
- The Americas: Canada
- Middle East and Africa: Israel
- Europe: Denmark, Ireland, Netherlands, Sweden, and the United Kingdom

## AI-Related Filings Rise

Artificial intelligence has been a topic widely discussed and reported on in the last couple of years. Its significant impact and potential for transforming businesses is practically on every CEO's mind. As a result, the development of artificial intelligence and its incorporation into products and businesses has now been showing up as a liability risk for companies. This was a concern the Securities and Exchange Commission (SEC) brought up in early 2024 when the **Chairman warned of "AI washing."**

In 2024, 15 companies were hit with SCAs that contained an AI component in the complaint, including allegations of AI washing. Nine cases have been filed in the first half of 2025. As noted above, Apple is one of those companies where the development of AI has become a critical component in the advancement of its business, leading to litigation due to perceived missteps. Apple has been sued derivatively on this matter as well. The nine companies sued in 1H 2025 with an AI element in the SCA complaint are:

- |                               |                            |                                  |
|-------------------------------|----------------------------|----------------------------------|
| • Apple Inc.                  | • Reddit, Inc.             | • TELUS International (Cda) Inc. |
| • AppLovin Corporation        | • Skyworks Solutions, Inc. | • Tempus AI, Inc.                |
| • DoubleVerify Holdings, Inc. | • SoundHound AI, Inc.      | • The Trade Desk, Inc.           |

# Total Dollar Settlements Are Down—High-Dollar Settlements Remain in Play

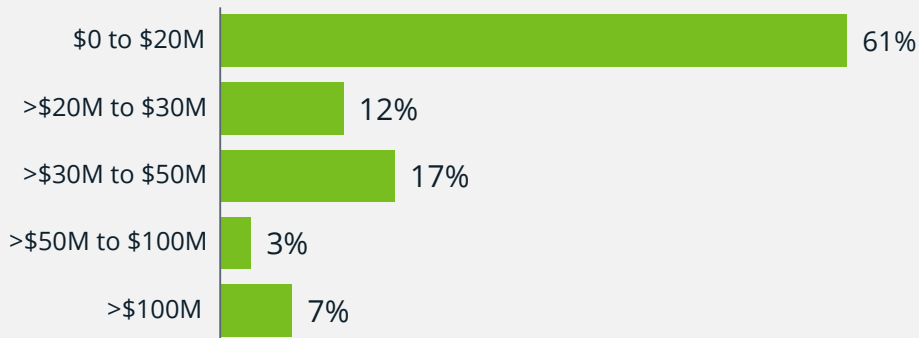
There were 41 settlements totaling \$1.1 billion in the first half of 2025. Total settlement dollars are down in 1H 2025 compared to 1H 2024, in which there were 40 settlements totaling \$2.1 billion. The year 2024 was notable for being a record-breaking year, with \$4.1 billion paid out. The chart below indicates how the first half of 2025 compares to 2024, and settlement dollars paid out over the previous 10 years.

## Settlement Dollars Paid Out (2015–2025)

	10 Years (2015 to 2024)	2024	1H 2025
Settlement \$	\$27B	\$4.1B	\$1.1B
Average	\$32M	\$52M	\$28M
Median	\$10M	\$16M	\$16M
75 <sup>th</sup> Percentile	\$27M	\$43M	\$33M

While 2025 is unlikely to equal or surpass 2024, the median has not dropped compared to 2024, and the 75th percentile currently exceeds that of the 10 prior years. Just as in 2024, high-dollar settlements over \$20 million in 1H 2025, while not a majority, make up a sizable portion of the total settlements, as shown below:

## % by Settlement Range in 1H 2025



**39%** of the settlements in 1H 2025 were greater than \$20 million, exceeding the previous 10-year average of **32%**.



## Top 10 Settlements in 1H 2025

The top 10 settlements in 1H 2025 came from companies in various industries. No particular industry stands out for the number of high-dollar settlements—a difference from the same period in 2024, in which half of the top 10 settlements came from companies in the technology sector. The case allegations for the top 10 settlements in 1H 2025 involved the following issues:

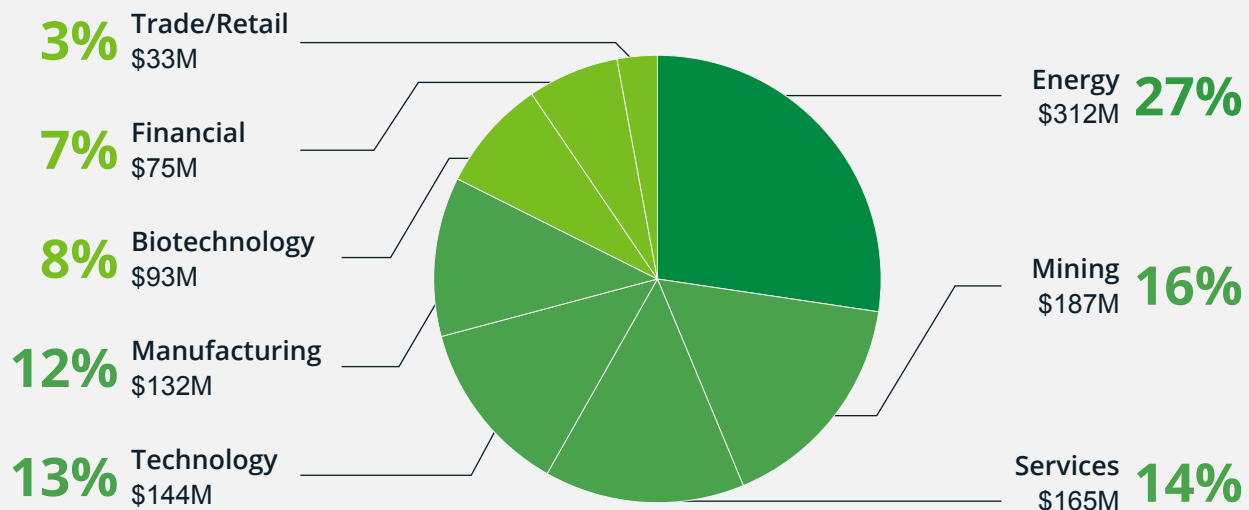
- M&A issues, during and after the deal
- Price-fixing
- Production and operational issues
- Accounting issues

### Top 10 Settlements in 1H 2025

Entity	Suit Year	Industry	Cash Settlement Amount	Case Allegations
EQT Corporation	2019	Energy	\$167.5M	Misrepresentation of the benefits of acquiring Rice Energy, another natural gas producer, for \$6.7B in Nov 2017 and post-merger integration issues.
Turquoise Hill Resources Ltd.	2020	Mining	\$138.75M	Significant production delays and cost overruns in the commencement of mining operations.
Alta Mesa Resources, Inc. (De-SPAC)	2019	Energy	\$115M	Misrepresentations made during and after the de-SPAC merger about revenue growth, operational capabilities, and accounting issues.
DENTSPLY Sirona, Inc.	2018	Technology	\$84M	Misrepresentation to its shareholders of its revenue growth and its involvement in a price-fixing conspiracy perpetrated by three major US distributors, for which the company benefited.
Compass Minerals International, Inc.	2022	Mining	\$48M	Misrepresentation of revenue growth pertaining to its Goderich salt mine.
Sea Limited	2023	Services	\$46M	Misrepresentation of revenue growth. Despite growth in its user base, loan loss reserves increased by 121%.
Pilgrim's Pride Corporation	2016	Manufacturing	\$41.5M	Allegations of price-fixing, in which certain distributors filed a class action accusing several food production conglomerates of manipulating the price of broiler chickens.
Sea Limited	2022	Services	\$40M	Misrepresentation at the secondary offering of revenue growth in its digital entertainment division.
Opendoor Technologies, Inc. (De-SPAC)	2022	Financial	\$39M	Misrepresentation during de-SPAC merger and subsequent to the merger of its digital platform capabilities for buying and selling US residential real estate.
Bayer AG	2020	Biotechnology	\$38M	Misrepresentation of the financial benefits for Bayer shareholders of its \$63B acquisition of Monsanto in June 2018.



# Settlements by Industry: Energy Moves Up, Technology Drops Down



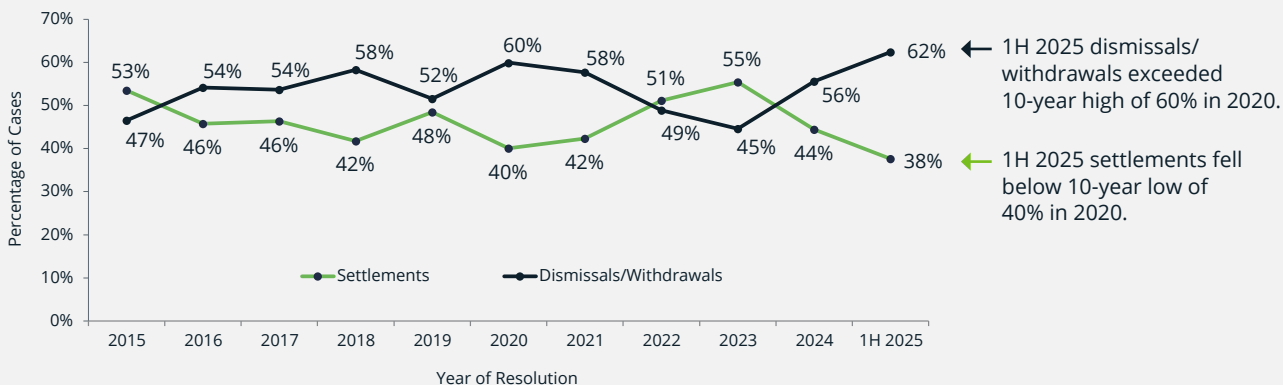
## Most Notable Change

A significant drop in Technology company dollars: **67%** in 1H 2024 vs. **13%** in 1H 2025

## A Note About Dismissals

As settlements come to fruition in 2025, it should be noted that the percentage of cases being dismissed or withdrawn in 1H 2025 is exceeding the percentage of settling cases. Below is a historical chart of cases that have been resolved over the last 10 years.

### Settlements vs. Dismissals (2015-1H 2025)



As cases move through the federal court system, the likelihood of a case being dismissed or withdrawn is currently working in the defendants' favor. However, it should be noted that the 10-year average does not generally reflect a wide divergence in settlements versus dismissals/withdrawals:

### Settlements vs. Dismissals/Withdrawals: 10-Year Average



Settlements  
**47%**



Dismissals and Withdrawals  
**53%**

The long-term average leads us to believe that the percentage gap between cases settled versus dismissed may narrow as 2025 comes to a close.

## Looking Ahead

As we enter the second half of 2025, we believe the plaintiffs' bar will continue its 2024 pattern of bringing a steady stream of cases against mature public companies across all industries. With the slowdown in IPO and SPAC activity and as we move farther away from the effects of the COVID-19 pandemic, the larger concern for investors is how artificial intelligence will influence and impact public companies.

While settlement dollars have dropped from an all-time high in 2024, large-dollar settlements did not abate significantly during the first half of 2025 and came from companies from a wide variety of industries. Dismissal rates are up for now. There are approximately 500 open cases, with one-third involving companies with market caps ranging from \$10 billion to \$3 trillion, working their way through the courts. While around 50% of all cases have a likelihood of being dismissed or withdrawn, more high-dollar settlements are sure to be coming down the pipeline.

### Looking Ahead to Your D&O Insurance Renewal in 2026

The D&O insurance market remains constructive for insurance buyers for now. We will take a deep dive into what to expect in 2026 when we release our annual *Looking Ahead Guide to D&O Insurance* later this year.



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