

**Securities Litigation and Enforcement
Introductory Memorandum and Course Outline**

**Professor Barbara Black
Spring 2011**

Special Note

Students can take this course whether or not they have previously taken Securities Regulation. Corporations I is the only prerequisite.

Required Text

The text for this course is **SECURITIES LITIGATION AND ENFORCEMENT: CASES AND MATERIALS** by **Donna M. Nagy, Richard W. Painter, and Margaret V. Sachs (Thomson - West, 2nd edition)**. There is also a Summer 2010 Update to the casebook available from Lori Strait; email her at lori.strait@uc.edu.

Office Hours

My office is in Room 422, and I generally will be available on Tuesday and Thursday afternoons from 3:00 – 4:30 pm. You should also feel free to stop by my office at any other time. If I am busy, I will tell you so, and we'll arrange an alternative time. You can also make an appointment to see me by leaving a message with a suggested time or times that work for you (office phone: 556-0113 or email: barbara.black@uc.edu).

Class Attendance

Regular class attendance is required by the law school's academic rules and, in any case, is essential to a coherent understanding of the course. I recognize, however, that unavoidable conflicts may necessitate an absence from class. Needless to say, such absences should be kept to an absolute minimum.

Class Preparation and Participation

A good portion of our time in this class will be spent discussing questions and problems that are included in the assigned reading. Active class participation is therefore encouraged and expected. To that end, students who regularly make a substantial contribution to class discussion may have class participation factored into their final grade for this course.

Examination and Grading

Your grade in this course will be based primarily upon a final examination. The exam will be “open book” insofar as you will be permitted to use the casebook and materials distributed in class, as well as notes and outlines prepared by you (either alone or with your classmates).

As noted above, class participation may be factored positively into your final grade. I also reserve the right to lower your grade if warranted by poor attendance or repeated instances of unpreparedness.

Course Syllabus

Set forth below is a course syllabus that from time to time may be added to or subtracted from. As noted above, you will be expected to have worked through the assigned problems in advance of class. On occasion, particularly lengthy reading assignments or problems may be broken out and assigned to specific students or groups of students.

First Class

Before the first class, you should read the materials in I. Background and Overview. While we will not discuss them in depth, the materials provide the foundation for the other assigned readings and problems. You should also find it helpful to refer back to these materials when a new topic is introduced. At our first class, we will devote most of our time to discussing the materials under II. Class Actions, Introduction.

I. Background and Overview

NPS 1-18
Dodd-Frank, Summer 2010 Update, pp. 1-6
SEC Historical Society Timeline at
<http://www.sechistorical.org/museum/timeline/>

II. Class Actions

Introduction
NPS 396-97, 443-449

Questions for class discussion: Do securities fraud class actions have a role to play in securities law enforcement, either for compensatory or deterrence purposes? How do the views expressed in these materials compare with what you learned about class actions from civil procedure?

Lead Plaintiff

NPS 398-411
Problem 6-1 (411)

Class Certification
NPS 411-424
Problem 6-2 (424)

Settlement
NPS 424-430
Problem 6-3 (430)

SLUSA
NPS 431-443
Problem 6-4 (443)

III. Section 10(b) and Rule 10b-5

Introduction
NPS 19-23

Deception and Manipulation
NPS 23-32, Problem 2-2 (44)
NPS 44-59, Problems 2-3(52), 2-5, 2-6 (60-61)

Materiality
NPS 61-64, Problems 2-7, 8 (64-65)
NPS 65-71, Problem 2-9 (71-72)
NPS 72-89, Problems 2-10, 11 (89-90)

“In connection with”
NPS 90-91, Problem 2-12 (91)
NPS 98-104, Problem 2-13 (105)

Scienter
NPS 105-132, Problem 2-15 (132-33)

Purchaser-Seller Requirement
NPS 133-147, Problems 2-16, 17 (147)

Reliance
NPS 147-153, Problem 2-18 (153-54)
NPS 154-164, Problems 2-19, 20 (164-65)

Loss Causation
NPS 183-191, Problem 2-24 (192)

Damages

NPS 192-93; note 4 (200-01)

NPS 202-203

Black, *The Price-Value Differential and the Issue of Over-Recovery*

Primary and Secondary Liability

NPS 217-224, Problem 2-27 (224)

Stoneridge , 2010 Update pp. 6-17

Problem 2-27A, 2010 Update p. 17-18

NPS 224-25, 231-235

Problem 2-28, 2-29 (233)

IV. SEC and Criminal Enforcement

SEC's Division of Enforcement

NPS 633-637

SEC Investigations

NPS 637-651, 658-673

Civil Remedies

NPS 673-678, 691-701, Problem 9-1 (701)

711-720, Summer 2010 Update 4-6, Problem 9-2 (720-721)

SROs as Enforcers of Federal Securities Laws

NPS 745-768

Criminal Enforcement

NPS 862-874, Problem 11-1 (874)

NPS 874-877, Problem 11-2 (877)

NPS 877-892, Problem 11-3 (884)

V. Market Manipulation

Practices that Create the Appearance of Active Trading

NPS 592-600, Problem 8-1 (598-99)

Actual Trading Conducted for a Manipulative Purpose

NPS 600-613, Problem 8-2 (613-14)

Misleading Recommendations and "Pump and Dump" Schemes

NPS 614-632, Problems 8-3, 8-4 (631-34)

VI. Insider Trading

NPS 450-451, 454-57
NPS 470-80, Problems 7-1, 7-2 (480-81)
NPS 482-92, Problem 7-3 (492)
NPS 492-506, SEC v. Dorozhko (Summer 2010 Update 31-34), Problems 7-4, 7-5
(506-08)

VII. Enforcement Issues Involving Attorneys

NPS 794-802, 823-842
Problem 10-1 (842-43)
NPS 843-846
Former Mayer Brown Partner Joseph P. Collins Settles SEC Fraud Action, SEC
Litig. Rel. No. 21555 / June 14, 2010, at
<http://www.sec.gov/litigation/litreleases/2010/lr21555.htm>

VIII. Securities Arbitration

NPS 981-996, 1003-114, Problem 13-1 (1013-14)
NPS 1014-1015
Goldman Sachs Execution & Clearing, L.P. v. Official Unsecured Creditors'
Committee, 2010 WL 4877847 (S.D.N.Y. Nov. 30, 2010)
Problem 13-2 (1015)
NPS 1015-1021