

# How Public Pension Funds Maximize Recoveries in Securities Class Actions and Minimize Corporate Misbehaviors

By Jordan Laporta and Andrew Heo

Public pension funds have greatly increased their involvement in securities litigation over the years, with positive results. When public pension funds lead securities cases, their involvement usually drives successful results for the class of investors and often leads to larger recoveries. Public pension funds also lead the way in corporate governance, incentivizing companies to implement more robust compliance systems, prioritize accurate reporting, and increase corporate accountability. For their part in leading securities cases, public pension funds have received praise from judges over the years recognizing the incredible work they perform in securities litigation.

## Quantitative Data from Securities Litigation Involving Public Pension Funds

An important focus of the Private Securities Litigation Reform Act of 1995 (PSLRA) was to increase the involvement of institutional investors, including pension funds, in securities litigation. This goal was achieved in large part by a provision directing judges to appoint the plaintiff with the greatest financial interest to lead the case. Since that time, pension funds have increasingly led many securities cases to victory, ensuring substantial recoveries for investors who were misled into making investments that cost them considerable sums.

The involvement of public pension funds as lead plaintiff has significantly increased recoveries by investors. Before the PSLRA, settlements in securities class actions rarely exceeded \$20 million,<sup>1</sup> whereas last year, the average settlement amount was double this at \$40 million, with the aggregate settlements totaling \$2.9 billion.<sup>2</sup> A 2006 study of 731 pre-and post-PSLRA settlements determined that cases led by public pensions

settle for greater amounts, even when controlling for institutional self-selection of larger, more high-profile cases.<sup>3</sup> More recently, year after year National Economic Research Associates (NERA) consistently recognizes that when public pension funds lead securities cases, it is a key factor in driving settlement amounts.<sup>4</sup>

For the last ten years, the median settlement amount in securities cases was significantly higher where an institutional investor served

as lead or co-lead plaintiff.<sup>5</sup> Cornerstone Research tracks this data annually and for 2022, the median settlement amounts in securities cases involving no institutional investor as lead plaintiff and those having an institutional investor as lead plaintiff were \$5 million and \$27 million, respectively<sup>6</sup>; in 2023, those numbers were \$6 million and \$19 million, respectively, with public pension funds making up two-thirds of the institutional investors leading securities cases.<sup>7</sup> In 2024, they were \$7 million and \$37 million, respectively, with the



*For the last ten years, the median settlement amount in securities cases was significantly higher where an institutional investor served as lead or co-lead plaintiff.<sup>5</sup>*

median over five times higher for institution-led cases.<sup>8</sup> It is clear that the securities cases in which pension funds or other institutional investors take lead end up seeing higher recoveries.

Pension funds led many securities cases that resulted in large settlements in 2025, including:

- *EQT Corp.*: \$167.6M settlement led by the Government of Guam Retirement Fund.
- *Dentsply Sirona*: \$84M settlement led by the Strathclyde Pension Fund.
- *Olaplex Holdings, Inc.*: \$47.5M settlement led by Arkansas Teacher Retirement System.
- *Opendoor Technologies, Inc.*: \$39M settlement co-led by the Indiana Public Retirement System, Oakland County Employees' Retirement System, and Oakland County Voluntary Employees' Beneficiary Association.

The conclusion is simple: the involvement of public pension funds in securities litigation drives more frequent and greater successes.

### Qualitative Analysis on Corporate Governance

For decades, private securities actions have helped cover enforcement gaps by deterring misleading disclosures, weak internal controls, and governance failures that might otherwise escape regulatory scrutiny. The Supreme Court has long championed private litigation in supplementing SEC oversight and

has said that private litigation is an essential tool for enforcement.<sup>9</sup> In the current regulatory landscape, shareholder litigation plays an even more crucial role in accountability as the SEC has increasingly taken a more restrained or selective enforcement posture toward corporate misconduct.

The threat of shareholder suits incentivizes boards and executives to maintain robust compliance systems,

exercise meaningful oversight, and ensure accurate public reporting, particularly in complex or rapidly evolving areas, and for financial reporting. In this way, private shareholder litigation functions as a market-based enforcement mechanism that reinforces transparency and corporate governance standards when public regulators are less aggressive or more resource-constrained.

A recent 2025 article written by law professors at the University of Pennsylvania

Carey Law School and the University of Utah S.J. Quinney College of Law discusses how public pension funds are significant players in financial markets. The article states that public pension funds have spearheaded the way in corporate governance, from leading ESG-related shareholder proposals, to other reforms such as majority voting, separation of CEO and board chairman positions, proxy access, and managerial accountability to shareholders.<sup>10</sup> The article goes on to note that “[s]tudies have documented that public pension fund engagement in securities litigation is correlated with improved returns to plaintiffs, and, in some cases, lower attorneys’ fees.”<sup>11</sup> In addition to frequently taking on lead plaintiff roles, public pension funds’ engagement in securities actions has also involved filing amic-



*For decades, private securities actions have helped cover enforcement gaps by deterring misleading disclosures, weak internal controls, and governance failures that might otherwise escape regulatory scrutiny.*

us briefs to aid in the court’s decision making where they had a strong interest in the case.<sup>12</sup> Public pension funds’ active engagement in securities litigation encourages stronger corporate governance, including more robust disclosure controls, transparent financial reporting, and SEC compliance programs.

One recent example of how public pension funds lead corporate reform through securities litigation can be found in the case against AdaptHealth Corp.<sup>13</sup> The case, which settled in 2024, began when investors alleged that the company misled the market about its financial performance by making false representations concerning its growth and billing practices. Shareholders claimed that corrective disclosures led to significant stock price declines, prompting a consolidated federal securities class action on behalf of investors. While the company denied wrongdoing, the parties ultimately settled for \$51 million through cash and stock and included corporate governance reforms. AdaptHealth agreed to eliminate its classified board structure and transition to annual director elections. The company also agreed to prohibit single-trigger accelerated vesting in future executive equity awards. Other components of the settlement provided for improved board independence and increased shareholder voting power, which would further protect shareholders against future corporate mismanagement. Notably, the litigation was led by Pennsylvania public pension funds and is a key example of how public pension funds can lead corporate reform through securities litigation.



*At the conclusion of a securities case in which there has been a positive result for the class, courts often evaluate the work of the lead plaintiffs in achieving this result. Where public pension funds sit at the helm, courts consistently praise the funds for their diligent oversight and credit their involvement as driving the result achieved.*

## Commentary from the Judiciary on Public Pension Funds’ Work in Leading Securities Cases

At the conclusion of a securities case in which there has been a positive result for the class, courts often evaluate

the work of the lead plaintiffs in achieving this result. Where public pension funds sit at the helm, courts consistently praise the funds for their diligent oversight and credit their involvement as driving the result achieved.

Below is just a sample of noteworthy cases in which courts have recognized the work of public pension funds in leading securities cases:

- *WorldCom*: led by the New York State Common Retirement Fund, settlements in the case approved by the court totaled over \$6.19 billion. District Judge Denise Cote of the Southern District of New York lauded the NYSCRF as an “exceptional lead plaintiff” that had “taken its responsibilities to represent the class as seriously as one must,” including actively participating throughout the case, which led Judge Cote to conclude that the class had been “truly well served by the invaluable participation of the New York State Common Retirement Fund as lead plaintiff.”<sup>14</sup>
- *Tyco International*: co-led by the Teachers’ Retirement System of Louisiana, the Louisiana State Employees’ Retirement System, the Plumbers and Pipefitters National Pension Fund, the United Association General Officers Pension Plan, and the United Association Local Union Officers & Employ-

ees Pension Fund, the court approved the settlement of the case for \$3.2 billion. In approving this settlement, the District of New Hampshire determined that the lead plaintiffs “were knowledgeable institutional investors who worked diligently to ensure that Co-Lead Counsel proceeded efficiently and with maximum benefit to the class as a whole.”<sup>15</sup> Additionally, “Lead Plaintiffs ably discharged their responsibilities to monitor Co-Lead Counsel and ensure that Co-Lead Counsel acted in the best interests of the class,” and the judge was “impressed by the deep involvement of the class representatives in overseeing the prosecution of the case, and with their commitment to that obligation.”<sup>16</sup>



*...public pension funds, as sophisticated institutional investors with ongoing interests in maintaining fair and efficient public markets for their investments, are well suited to lead class actions.*

These remarks by judges across the country highlight the important role that a public pension fund takes on when it becomes a lead plaintiff in a securities case, and that public pension funds, as sophisticated institutional investors with ongoing interests in maintaining fair and efficient public markets for their investments, are well suited to lead class actions.

In summary, the increasing involvement of public pension funds in securities cases has had a very positive impact. Not only does securities litigation in general deter fraud and ensure investors have greater confidence in their investments, but the involvement of public pension funds as lead plaintiffs in securities litigation drive better results, leading to greater recoveries for impacted investors.

- **Waste Management:** led by Connecticut Retirement Plans and Trust Funds, the court approved a settlement for \$457 million. In determining that the settlement was fair, reasonable and adequate, the Southern District of Texas highlighted that this sophisticated institutional investor “was extensively involved in negotiating the settlement—which was finalized only after extensive document and deposition discovery was complete,” and that it “actively participated in this litigation from the outset and was a proponent of many of the steps taken during the course of litigation leading to a speedy and successful resolution.”<sup>17</sup>
- **DaVita:** co-led by Peace Officers’ Annuity and Benefit Fund of Georgia and the Jacksonville Police and Fire Pension Fund, the District of Colorado approved the settlement for \$135 million. In approving the settlement, the court commended the lead plaintiffs as they had “been fully committed to pursuing the interests of the settlement class and [had] actively and effectively [led] . . . the litigation.”<sup>18</sup>

*Jordan Laporta and Andrew Heo are attorneys with Barrack, Rodos & Bacine.*

## Endnotes

- <sup>1</sup> Elliot J. Weiss, *The Lead Plaintiff Provisions of the PSLRA After a Decade, or “Look What’s Happened to My Baby”*, 61 VAND. L. REV. 543, 547 (2008).
- <sup>2</sup> Edward Flores, Svetlana Starykh & Ivelina Velikova, *Recent Trends in Securities Class Action Litigation: 2025 Full-Year Review*, NERA, at 1 (2026).
- <sup>3</sup> Michael Perino, *Institutional Activism Through Litigation: An Empirical Analysis of Public Pension Fund Participation in Securities Class Actions* 3-4, 32 (St. John’s Univ. Sch. of Law Legal Studies Research, Working Paper No. 06-0055, 2006), available at: <http://ssrn.com/abstract=938722>.

<sup>4</sup> *E.g.*, Flores, Starykh & Velikova, *supra* note 2, at 29; Edward Flores & Svetlana Starykh, *Recent Trends in Securities Class Action Litigation: 2024 Full-Year Review*, NERA, at 28 (2025); Edward Flores & Svetlana Starykh, *Recent Trends in Securities Class Action Litigation: 2023 Full-Year Review*, NERA, at 26 (2024); Janeen McIntosh, Svetlana Starykh & Edward Flores, *Recent Trends in Securities Class Action Litigation: 2022 Full-Year Review*, NERA, at 18 (2023).

<sup>5</sup> Laarni Bulan & Eric Tam, *Securities Class Action Settlements: 2024 Review and Analysis*, Cornerstone Research, at 12 (2025).

<sup>6</sup> Laarni T. Bulan & Laura E. Simmons, *Securities Class Action Settlements: 2023 Review and Analysis*, Cornerstone Research, at 13 (2024).

<sup>7</sup> *Id.*

<sup>8</sup> Bulan & Tam, *supra* note 5, at 12.

<sup>9</sup> *Basic Inc. v. Levinson*, 485 U.S. 224, 231 (1988).

<sup>10</sup> Jill E. Fisch & Jeff Schwartz, *The Singular Role of Public Pension Funds in Corporate Governance*, 19 (European Corporate Governance Institute Working Paper No. 847, 2025), available at: <https://ecgi.global/content/working-papers>.

<sup>11</sup> *Id.* at 20; *see also* Perino, *supra* note 3, at 32 (“Cases with public pension fund lead plaintiffs settle for greater amounts . . . and the fees courts ultimately award are significantly lower.”); Stephen J. Choi, Jill E. Fisch & A. C. Pritchard, *Do Institutions Matter? The Impact of the Lead Plaintiff Provision of the Private Securities Litigation Reform Act*, 83 WASH. UNIV. LAW Q. 869, 872 (2005) (“[P]ublic pension funds are significantly correlated with high-value outcome cases, defined as

outcomes involving a settlement of more than five percent of the stakes.”).

<sup>12</sup> Fisch & Schwartz, *supra* note 10, at 48.

<sup>13</sup> *Delaware Cnty. Emps. Ret. Sys. v. AdaptHealth Corp.*, 739 F.Supp.3d 270 (E.D. Pa. 2024).

<sup>14</sup> Leonard Barrack, *Prosecuting WorldCom: New Paradigm for Securities Class Actions*, Barrack Bulletin (2005), available at: [https://barrack.com/wp-content/uploads/2024/10/BB\\_volume9\\_fall\\_2005.pdf](https://barrack.com/wp-content/uploads/2024/10/BB_volume9_fall_2005.pdf).

<sup>15</sup> *In re Tyco Int’l, Ltd. Multidistrict Litig.*, 535 F. Supp. 2d 249, 272 (D.N.H. 2007).

<sup>16</sup> *Id.* at 261 (internal marks omitted).

<sup>17</sup> *In re Waste Mgmt. Sec. Litig.*, 2002 U.S. Dist. LEXIS 29745, at \*62-63, 85 (S.D. Tex. May 10, 2002).

<sup>18</sup> *Peace Officers’ Annuity & Benefit Fund of Ga. v. Davita Inc.*, 2021 WL 1387110, at \*7 (D. Col. Apr. 13, 2021).