

DEPAUL LETTERHEAD

SECURITIES FRAUD LITIGATION AND ENFORCEMENT

Spring 2008, Section [xxx]

Instructor:

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Office Hours By Appointment

Course Time and Location:

Class Meets in Room [xxx], Thursdays, 5:50-8:30 p.m.

Syllabus Part I

Course Materials:

The required materials for this course are the Nagy, Painter and Sachs Casebook, *Securities Litigation and Enforcement* (West, 2007).¹

In addition, I may be supplementing the casebook with recent cases on developing areas of the law.

Course Description:

Securities fraud litigation has seen significant legal developments in the last decade, including a number of high profile cases involving insider trading, fraudulent accounting practices, illegal market timing, options backdating, and, most recently, massive Ponzi schemes by unregulated hedge funds. This course provides an introduction to the law of securities litigation. Issues covered will include securities fraud litigation under Section 10(b) of the Securities Exchange Act and Rule 10b-5; Securities Act claims under Sections 11 and 12(a)(2); tender offer fraud; and proxy fraud. Procedural issues that arise in the class action context will also be included in this analysis. In addition, we will study the enforcement role of the Securities and Exchange Commission and certain issues that arise in criminal law cases. Recent statutory and regulatory developments, including the Sarbanes Oxley Act, will also be covered. The

¹ Please note that the casebook edition we are using for this course is a relatively new one, and substantially different from the 2003 edition that was used in prior offerings of this course. Students are advised to purchase the 2007 edition.

course will ask students to analyze securities fraud litigation from a number of different perspectives: as legislator, as regulator, as judge, as litigator, as securities industry participant, and as investor.

Students are encouraged to take Business Organizations prior to taking the Securities Fraud course.

Attendance and Participation Requirements:

A seating chart will be handed out on the first day of class for all students to sign. Failure to sit in the appropriate assigned seat will be recorded as an absence. Students are expected to regularly attend class and to be prepared to participate in class discussion. I will assign students the responsibility to discuss the reading assignments and casebook problems for each class period. However, I may also call on other students to supplement class discussion. Additionally, students are encouraged to volunteer at any time. Students should also regularly check Blackboard. A current syllabus will be posted on Blackboard, and I may also post announcements regarding class or reading assignments.

Grading:

There will be one three hour open book examination, which will comprise the majority of the grade in this course. Students may use any written materials during the examination, including the casebook, class notes and outlines, and treatises. The exam grade will be based on analytical responses to the exam questions, showing the ability to apply the knowledge learned in class and in the reading assignments. Class participation will be counted on a limited basis as an aid to grades, based on thoughtful, analytical participation. For example, if participation warrants an addition to a grade, the grade may be raised to the next highest level, e.g., from a B to a B+. Frequent absences may negatively impact a student's grade, in accord with the Student Handbook. If there is a reason for such absences, please contact me. In cases of extraordinary hardship, I may make exceptions to this absence policy.

Assignments for First Month of Class:

Week 1:

Overview of Securities Industry Regulation, Litigation and Enforcement: *Casebook, pages 1-18.*

Section 10(b) of the Exchange Act and Rule 10b-5: the Requirement of Manipulation or Deception: *Casebook, pages 19-44 (through problem 2-2).*

Material Omissions in Particular: *Casebook, pages 44-61(through problem 2-6).*

Week 2:

The Materiality Requirement: *Casebook, pages 61-90 (through problem 2-11).*

The “In Connection With” Requirement: *Casebook, pages 90-105.*

The Scienter Requirement: *Casebook, pages 105-133 (through problem 2-15).*

Week 3:

The Purchaser-Seller Requirement: *Casebook, pages 133-147 (through problem 2-17).*

The Causation Requirement (reliance and loss causation): *Casebook, pages 147-192 (through problem 2-24).*

Week 4

The Loss Causation Requirement and Damages Analysis: *Casebook, pages 192-206.*

Primary and Secondary Liability:

1. Aiding and Abetting Liability: *Casebook, pages 206-217(through note 6)*
2. Primary Liability: *Casebook, pages 217-224.*
3. Control Person Liability: *Casebook, pages 224-233.*
4. Respondeat Superior Liability: *Casebook, pages 233-235.*