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## Class Certified in UTi Worldwide, Inc. Shareholder Action

In 2015, Plaintiff Michael J. Angley filed a proposed class action lawsuit against UTi Worldwide, Inc. alleging violations of the federal securities laws. Counsel for the proposed class retained Cynthia Jones, CFA of Monument Economics Group to provide expert testimony concerning class certification issues. Following a recent hearing on the matter, the Court granted class certification on April 19, 2018.

A key issue in shareholder class actions is whether the market for the subject security satisfied the economic criteria for efficiency. Ms. Jones opined that the market for UTi common stock was open, developed and efficient during the proposed class period. Defendants challenged Jones' event studies but made no challenge to Plaintiff's showing that UTi satisfied *Cammer* factors one through four, and the three *Krogman* factors.<sup>1,2</sup> "Because there is no evidence disputing the first four *Cammer* factors and the *Krogman* factors weigh in favor of market efficiency, the Court finds Plaintiff has met its burden of showing market efficiency."<sup>3</sup>

Defendants' challenges to Jones' event studies in support of the fifth *Cammer* factor were largely dismissed by the Court, finding "Jones' event study is not unreliable..."<sup>4</sup> and that "these examples by Jones further demonstrate a cause and effect relationship between news and an immediate response in UTI's stock price."<sup>5</sup>

The Court briefly addressed Defendants' challenge to Plaintiff's proposed methodology for calculating damages on a class-wide basis finding that, "...courts have recognized the event study/out of pocket method as proposed by Jones is an accepted method for calculating damages in securities fraud class actions."<sup>6</sup>

The class action was certified for investors who purchased UTi common stock during the period March 28, 2013 through February 25, 2014.

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<sup>1</sup> *Cammer v. Bloom*, 711 F. Supp. 1264 (D.N.J. 1989) which established five factors for consideration in determining market efficiency including: 1) sufficient turnover of the shares (trading volume); 2) the presence of security analysts following the stock; 3) a sufficient number of market makers facilitating trading in the stock; 4) the ability to file a Form S-3 when registering securities; and 5) "empirical facts showing a cause and effect relationship between unexpected corporate events or financial releases and an immediate response in the stock price."

<sup>2</sup> *Krogman v. Sterritt*, 202 F.R.D. 467 (N.D. Tex. 2001) which established three factors including 1) firm size measured by market capitalization; 2) a sufficiently narrow bid-ask spread; and 3) the amount of shares in the public float relative to total shares outstanding.

<sup>3</sup> Order Re: Plaintiff's Motion For Class Certification, filed 4/19/18 ("The Order"), P.6.

<sup>4</sup> *Ibid*, P.8.

<sup>5</sup> *Ibid*, fn7.

<sup>6</sup> *Ibid*, P.16-17.