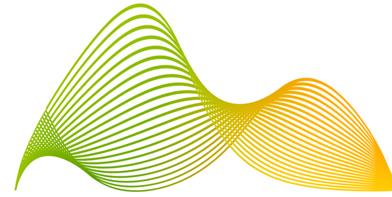


# CLASS ACTIONS WITH BRAZILIAN ADR LISTED COMPANIES

**Yves Lima**

Aon Financial Lines Director



**AIDA** Rio 2018  
XV WORLD CONGRESS

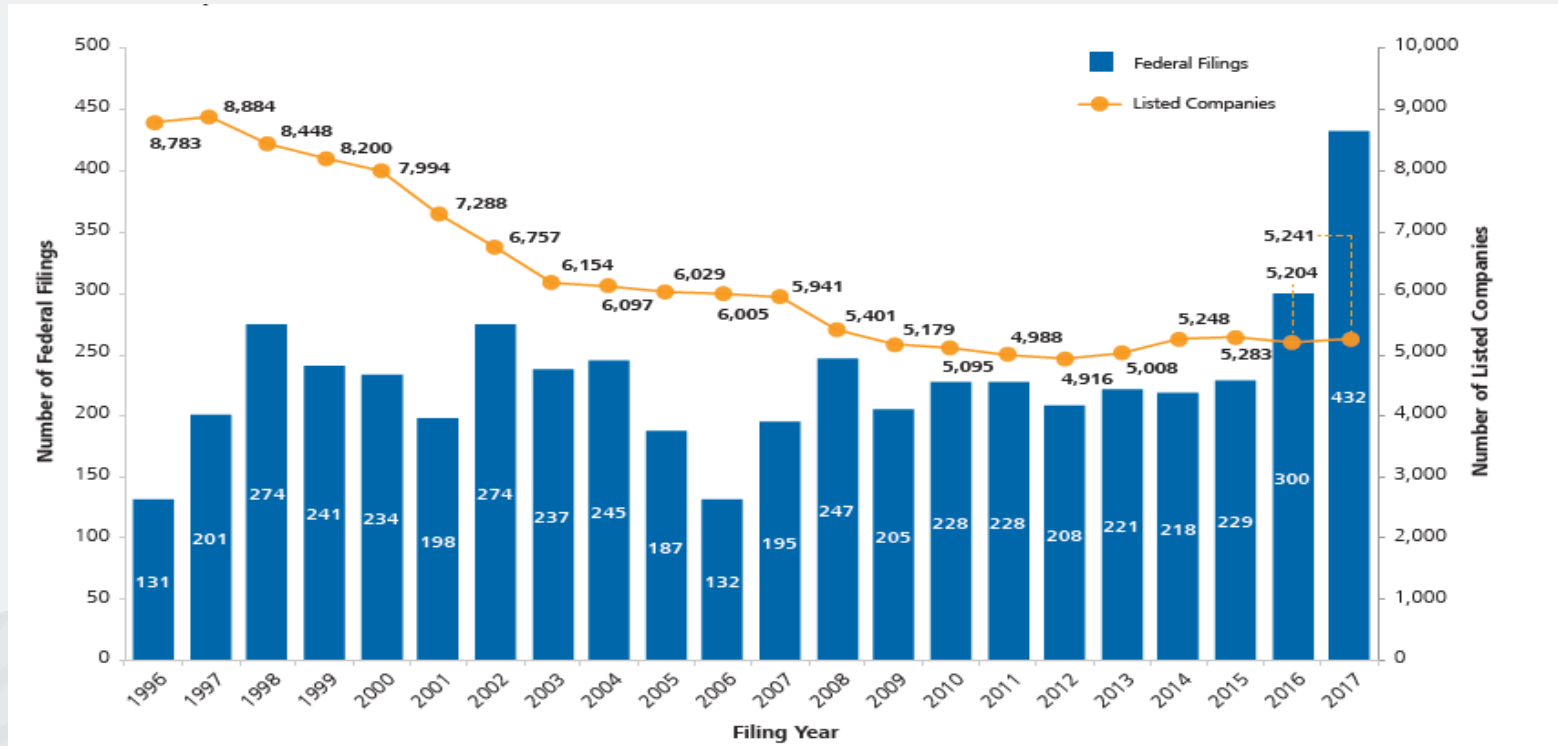


# OVERVIEW OF SECURITIES CLASS ACTIONS

- A **securities class action** is a lawsuit filed by investors who bought or sold a company's securities within a specific period of time and suffered economic injury as a result of violations of the securities laws.
- A class period generally starts when a company makes an untrue statement of material fact about the company or fails to disclose a material fact necessary to render other statements not misleading. The class period generally ends when the truth is fully disclosed to the investing public.

# OVERVIEW OF SECURITIES CLASS ACTIONS

## Federal Filings and Number of Companies Listed on US Exchanges January 1996–December 2017

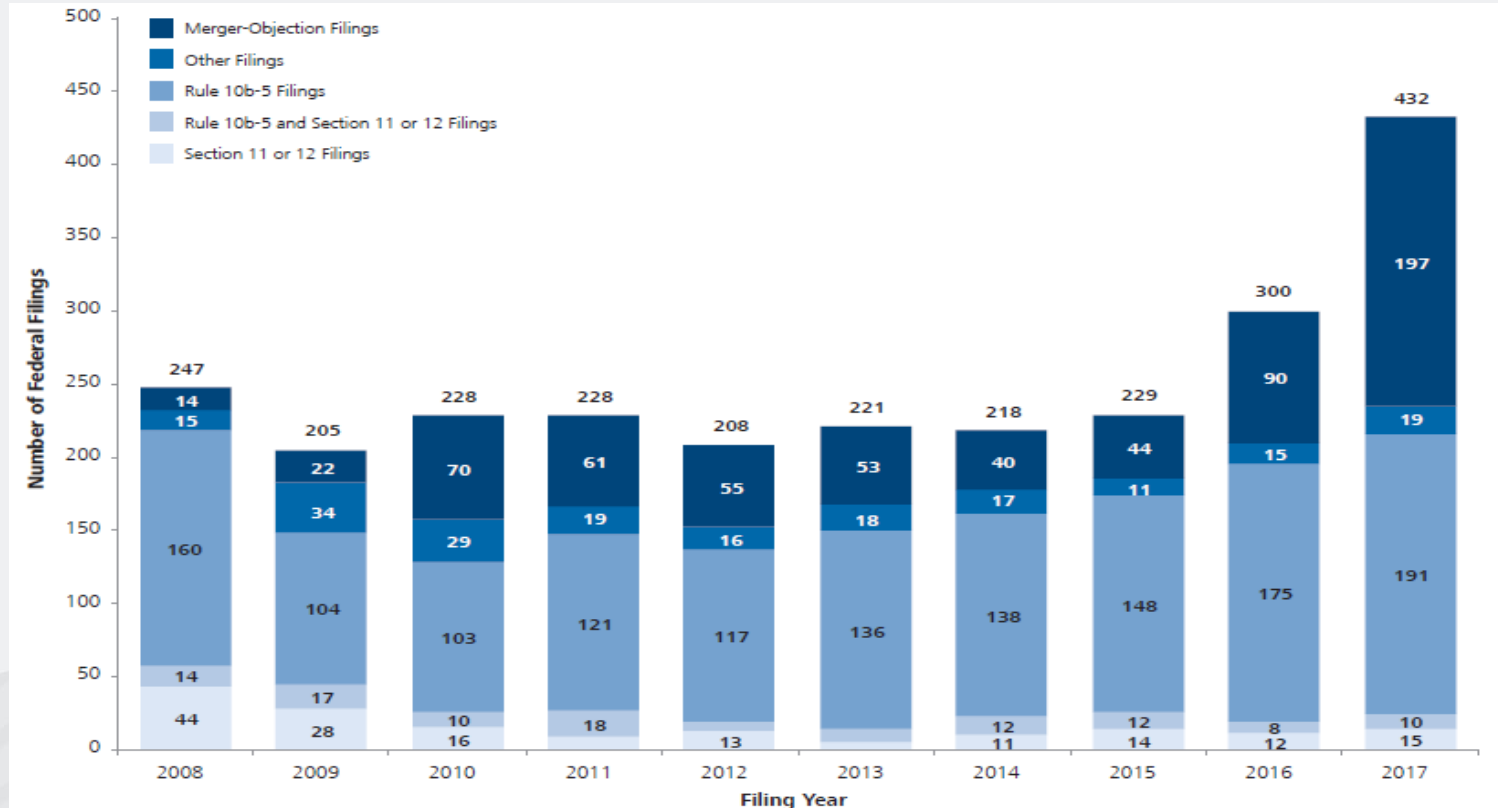


# OVERVIEW OF SECURITIES CLASS ACTIONS

- Despite the drop in the number of listed companies, the average number of securities class action filings increased over the preceding five years.
- Litigation has rose from 3.2% for the 2000–2002 period to 8.2% in 2017.
- Over the past two years, the higher average risk of federal securities class action litigation has been driven by dramatic growth in merger-objection cases.

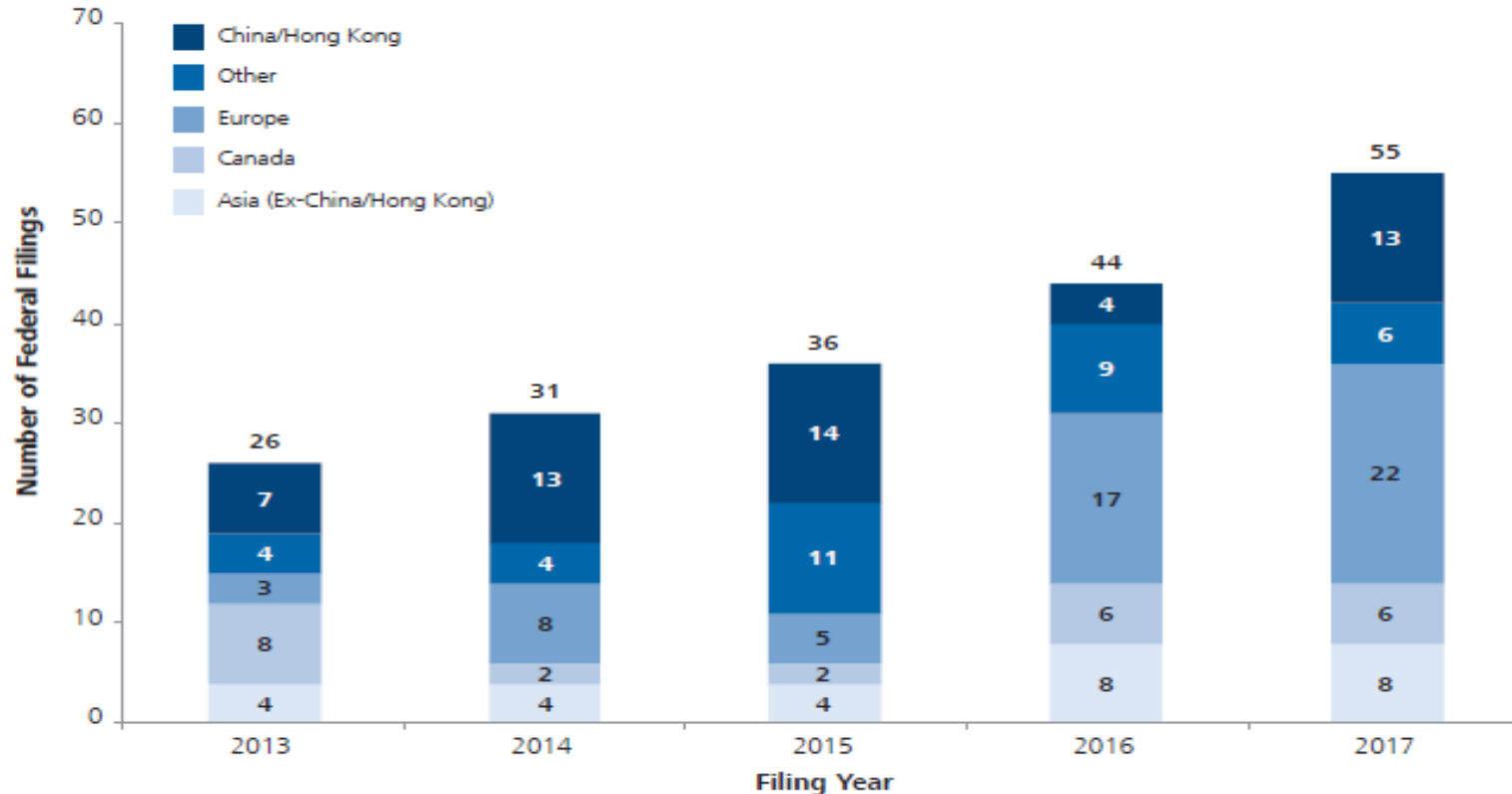
# OVERVIEW OF SECURITIES CLASS ACTIONS

## Federal Filings by Type - January 2008–December 2017



# OVERVIEW OF SECURITIES CLASS ACTIONS

## Filings Against Foreign Companies - Shareholder Class Actions by Region



# BRAZILIAN PERSPECTIVE

- Why get listed in US?
  - Developed capital markets – access to US investors
  - Similar peers, better multiples
  - Liquidity
- 26 Brazilian companies listed in US (ADR II and ADR III)
- SEC regulation

# BRAZILIAN PERSPECTIVE - 2008

- September 2008: Lehman Brothers - International Financial Crisis

- Derivative issues:

Sadia Class Action – settled for USD 27m

Aracruz Class Action – settled for USD 37,5m

- Big claims under D&O policies



# BRAZILIAN PERSPECTIVE

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- Derivative issues:
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  - Aracruz Class Action – settled for USD 37,5m
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# BRAZILIAN PERSPECTIVE - TRIGGERS

- March, 2014: “Car Wash” Operation
- March, 2015: “Zelotes” Operation
- November, 2015: Big Enviromental Disaster

# BRAZILIAN PERSPECTIVE

## Class Actions filing against Brazilian Companies:

Company	Date Filed	Date Settled	Settlement Amount
1	July 2015	September 2017	USD 10 M
2	May 2016	October 2017	USD 15 M
3	August 2014	February 2018	USD 2,95 Bi
4	July 2015	May 2018	USD 14,75 M
5	March 2016	?	?
6	July 2015	?	?
7	November 2016	?	?

# BRAZILIAN PERSPECTIVE

## D&O Brazilian Market: Premium X Claims

