

In re Accredo Health, Inc. Securities Litigation

COURT: United States District Court for the Western District of Tennessee

CASE NUMBER: 03-cv-2216

CLASS PERIOD: 06/16/2002 - 04/07/2003

Securities fraud class action filed on behalf of a class of persons or entities (the "Class") who purchased or otherwise acquired the publicly-traded securities of Accredo Health, Inc. ("Accredo" or the "Company") between June 16, 2002 and April 7, 2003 (the "Class Period"). Lead Plaintiffs filed a Consolidated Complaint on September 15, 2004.

Lead Plaintiffs allege that Accredo and its CEO and CFO either knew, or recklessly disregarded the fact that the accounts receivable reserves relating to the newly acquired Specialty Pharmaceutical Services ("SPS") division were materially understated during the fourth quarter of 2002 and the first two quarters of 2003. The truth about the value of the SPS accounts receivable reserves was disclosed on April 8, 2003 as Accredo announced that it was "examining the adequacy" of the reserves, and that they could be understated by as much as \$60 million. On this news, Accredo shares plunged 44% in one day, dropping from \$25.40 to \$11.11. Later, Accredo announced that it was recording a \$58.5 million special charge to correct the discrepancy in value.

On June 30, 2004, the Court appointed BLB&G client the Louisiana School Employees' Retirement System and individual plaintiff Debra Swiman as Co-Lead Plaintiffs for the Class in the consolidated action. BLB&G was appointed as Co-Lead Counsel. On April 11, 2005, the Court denied Defendants' motion to dismiss the Consolidated Complaint. Further, on April 19, 2006, the Court entered an Order certifying the Class and appointing Louisiana School Employees Retirement System and Debra Swiman as class representatives and BLB&G as Co-Class Counsel. Discovery concluded in late 2007. On July 18, 2008, the Notice of Pendency of Class Action was mailed to potential class members.

On September 10, 2008, the parties jointly notified the Court that they had reached an agreement to settle this action for \$33 million in cash. On October 8, 2008, Lead Plaintiffs filed an unopposed motion requesting an order granting preliminary approval of the settlement and the Court granted the motion on November 20, 2008.

On December 5, 2008 the Claims Administrator in this matter, Gilardi & Co, LLC mailed a copy of the Notice and the Proof of Claim and Release to all Class Members. On January 14, 2009, Lead Plaintiffs filed a motion for (1) Final Approval of Settlement and Plan of Allocation; and (2) Application for an Award of Attorneys' Fees and Expenses. On February 19, 2009, the Honorable Bernice Donald of the United States District Court for the Western District of Tennessee granted Lead Plaintiffs' motion in full, and entered a Final Judgment and Order of Dismissal With Prejudice.

The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is considered closed.

Case Documents

- Notice of Proposed Settlement
- July 18, 2008 - Notice of Pendency of Class Action

- September 15, 2004 - Consolidated Class Action Complaint