

In re Stone Energy Corporation Securities Litigation

COURT: United States District Court for the Eastern District of Texas
CASE NUMBER: 05-cv-2088

Securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired the common stock of Stone Energy Corporation ("Stone" or the "Company") between May 2, 2001 and March 10, 2006 (the "Class Period").

On March 17, 2006, Magistrate Judge Mildred E. Methvin appointed the El Paso Firemen & Policemen's Pension Fund as Lead Plaintiff and BLB&G as Lead Counsel for the Class. On June 14, 2006, Lead Plaintiff filed a Consolidated Class Action Complaint against the Company and its former chief executive officers, D. Peter Canty and David H. Welch, and its former chief financial officers, James H. Prince and Kenneth H. Beer (collectively, the "Defendants"). Lead Plaintiff alleges that the Defendants violated the federal securities laws by overstating the Company's oil and gas reserves from the beginning of 2001 through the second quarter of 2005, resulting in the material understatement of the Company's operating expenses and the overstatement of its net income in each quarter during that period. Defendants have filed motions to dismiss, which Lead Plaintiff opposed.

On August 17, 2007, Magistrate Judge Methvin issued a report and recommendation that Defendants' motions be denied in large part and that Plaintiffs' claims under Section 10(b) of the Securities Exchange Act against defendants Canty and Welch be sustained and Plaintiff's claims under Section 20(a) of the Securities Exchange Act against all defendants be sustained. On October 1, 2007, U.S. District Judge Melançon entered judgment adopting Magistrate Judge Methvin's report and recommendation.

On June 11, 2008, Defendants moved for judgment on the pleadings. On February 27, 2009, the Court granted Defendants' motion in part. The Court, however, refused Defendants' request to dismiss the action, finding that the litigation should continue under the supervision of a new Lead Plaintiff. On May 19, 2009, El Paso Firemen & Policemen's Pension Fund filed its notice of appeal to overturn the District Court's February 27, 2009 Order.

Following the Court's February 27, 2009 Order, on April 13, 2009, The City of Knoxville Employees' Pension System ("Knoxville Employees' Pension System") filed its motion to be appointed Lead Plaintiff, and on September 30, 2009, the Court appointed Knoxville Employees' Pension System as Lead Plaintiff and re-appointed Bernstein Litowitz Berger & Grossmann LLP as a Lead Counsel. On October 30, 2009, Lead Plaintiff filed its motion for class certification.

On December 1, 2009, the parties notified the Court that they had agreed to settle the case for \$10.5 million in cash. Judge Melançon granted preliminary approval of the settlement on January 14, 2010.

On March 23, 2010, the Court granted final approval of the settlement and certified the settlement class. The Court also awarded attorneys' fees and granted Lead Plaintiff's request for reimbursement of expenses.

Case Documents

- June 14, 2006 - Consolidated Class Action Complaint