

## *In re SFBC International, Inc. Securities & Derivative Litigation*

**COURT:** United States District Court for the District of New Jersey  
**CASE NUMBER:** 06-cv-0165  
**CLASS PERIOD:** 08/04/2003 - 12/15/2005  
**CASE LEADERS:** Max W. Berger

Securities fraud class action filed on behalf of all investors who purchased the securities of SFBC International, Inc. (k/n/a PharmaNet Development Group, Inc.) ("SFBC" or the "Company") between August 4, 2003 and December 15, 2005 (the "Class Period"). Defendants include the Company and certain of its former senior officers and directors, including Lisa Krinsky, the Company's former Chairman and President, and Arnold Hantman, the Company's former CEO. SFBC is a drug development services company that conducts clinical tests of development-stage drugs in human subjects who are paid to participate in the experiments.

On September 11, 2006, the Honorable Stanley R. Chesler of the United States District Court for the District of New Jersey consolidated all pending securities actions against SFBC, and appointed BLB&G client Arkansas Teacher Retirement Systems as the Lead Plaintiff for the securities actions, and appointed BLB&G as Lead Counsel.

On November 1, 2006, Lead Plaintiff filed a Consolidated Class Action Complaint ("Complaint") against SFBC and certain other defendants. The Complaint alleges that during the Class Period, SFBC and its senior officers and directors violated the federal securities laws by issuing false and misleading periodic filings with the Securities and Exchange Commission and making other false and misleading statements to investors. Specifically, the Complaint alleges that Defendants: (1) misrepresented the condition of the Company's primary Miami facility and failed to disclose that this facility — which was responsible for approximately 30% of the Company's operating profit — was in violation of numerous occupancy, zoning and other regulations such that Miami-Dade County authorities have since ordered the facility to be demolished; (2) misrepresented and failed to disclose numerous unethical and dangerous clinical testing practices and conflicts of interest that threatened the Company's reputation; (3) misrepresented and failed to disclose related-party transactions during the Class Period; and (4) misrepresented the qualifications of SFBC's senior management team.

Based on these allegations, the Complaint asserts a number of claims under the Securities Exchange Act of 1934 and the Securities Act of 1933 (the "Securities Act") against SFBC, Krinsky, Hantman and certain other defendants.

On December 3, 2007, the Court preliminarily approved an agreement to settle Lead Plaintiff's claims against the defendants in this action for \$28.5 million, \$24.5 million of which will be paid in cash, with the remaining \$4 million paid in either cash or PDGI common stock, at the Company's sole discretion. On March 10, 2008, the Court issued a Final Judgment approving the settlement, holding that the settlement terms were "in all respects, fair, reasonable and adequate." A single objector appealed to the United States Court of Appeals for the Third Circuit (Case No. 08-2075), and appellate briefing was completed on October 9, 2008.

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

## Case Documents

- Notice of Pendency and Proposed Settlement
- Proof of Claim and Release
- November 1, 2006 - Consolidated Class Action Complaint