

Securities Litigation:

OCERS maintains an active securities litigation monitoring and participation program. The program is a cooperative effort between OCERS' Investment and Legal departments. OCERS' Securities Litigation Policy was instituted in December 2003. The policy allows OCERS to take an active role as lead plaintiff or named plaintiff in cases where OCERS identified losses exceeding \$1 million. In most cases OCERS does not seek active involvement even when losses exceed \$1 million because there are other retirement systems with significantly greater losses that are better placed to pursue the litigation. Therefore, OCERS' active involvement as a lead or named plaintiff is fairly rare.

OCERS retains several law firms to monitor the portfolio and advise staff on securities litigation cases. These firms provide monitoring services and litigation advice at no direct cost to OCERS. The firms are paid on a contingency basis when cases result in a recovery. Typically, the firms receive from 10 to 33% of recovery after costs.

The securities litigation firms use sophisticated monitoring tools and employ experts in a variety of disciplines to determine whether cases are worth pursuing. Once that determination has been made, the firms look for a lead plaintiff to represent the class. Many times, the lead plaintiff is a large institutional investor like OCERS.

OCERS also uses a pay service to monitor the portfolio. This service alerts OCERS when cases have been filed, when a settlement has been reached, and when a claim filing deadline is approaching. This service provides a valuable check to the law firms that monitor the portfolio.

The economic downturn of 2008 – 2009 generated a number of class action lawsuits aimed at financial institutions that were at the core of the downturn. OCERS took an active role in the Wachovia Preferred Stock and Bond.

The Wachovia case settled for a total of \$627 million, making it one of the top 20 securities litigation settlements of all time as of the date of the settlement. OCERS' share of the recovery in the case was more than \$1 million.

OCERS will continue to monitor securities class action cases and pursue direct actions when necessary in order to fulfill its fiduciary duty to protect assets of the retirement trust fund.