
Cahill Litigators Win Dismissal in Shareholder Class Action Against XL Capital

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A Cahill litigation team prevailed on behalf of XL Capital Ltd. in a shareholder class action brought by purchasers of shares issued by XL Capital's former subsidiary, Security Capital Assurance Ltd. ("SCA"), then a leading financial guaranty insurer with respect to residential mortgage backed securities and collateralized debt obligations backed by mortgages.

Plaintiffs' action asserted claims against XL Capital defendants, among other things, for alleged misstatements and omissions of material fact with respect to certain risks associated with the growth of SCA's financial guaranty business. Plaintiffs claimed losses in connection with the decline in the value of SCA shares subsequent to the residential housing market crisis of 2007 and other negative market conditions.

On March 31, 2010, the U.S. District Court for the Southern District of New York ruled in favor of XL Capital, granting Defendants' motions to dismiss all plaintiffs' claims. The Court concluded that Plaintiffs' action failed to demonstrate the plausibility of loss causation and to specify the scienter requirements for alleged misrepresentations.

Attorneys

- David G. Januszewski
- Thorn Rosenthal