

# In the News

## O'Melveny's Aronson Quoted in California Lawyer on Chinese Reverse Merger Securities Litigation



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#### Seth Aronson

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O'Melveny & Myers LLP partner Seth Aronson is quoted in the July 2012 issue of *California Lawyer*. The article "It's Chinatown, Jake" reports that of the 159 Chinese reverse mergers created from 2007 through the first quarter of 2010, nearly one-fourth have been sued in securities class actions. One such case is *Dean v. China Agritech, Inc.*, a suit against China Agritech involving allegations of federal securities fraud. According to the article, the plaintiffs in the case "stumbled on class certification" when US District Judge R. Gary Klausner found they had not demonstrated a causative link between the change in the company's share price and its financial reports. "The ruling changed the case dramatically," said Aronson, who represented Agritech in the case. "A potential class of thousands of members was reduced to four individuals." The article goes on to suggest that even in successful cases, collecting a judgment is likely to be difficult. "We will continue to see some complaints filed," Aronson predicted. "But the great wave of reverse merger cases is over."

Aronson is a member of O'Melveny's Securities Litigation practice and resides in the Firm's Los Angeles office.