**18.9 Securities—Damages**

If you find for the plaintiff on the 10b-5 claim, then you must consider and decide the amount of money damages to be awarded to the plaintiff. You may award only actual damages in that amount which will reasonably and fairly compensate the plaintiff for the economic loss [he] [she] [it] sustained. Your award must be based on evidence and not upon speculation, guesswork or conjecture. The plaintiff has the burden of proving damages by a preponderance of the evidence.

**Comment**

Section 10(b) claims for damages are governed by Section 28(a), which limits all claims brought under the Exchange Act to actual damages. *See* 15 U.S.C. § 78bb(a) (providing that no person maintaining a suit for damages under the Exchange Act may recover “a total amount in excess of his actual damages”); *see also Randall v. Loftsgaarden*, 478 U.S. 647, 661-62 (1986).

“The usual measure of damages for securities fraud claims under Rule 10b-5 is out-of-pocket loss; that is, the difference between the value of what the plaintiff gave up and the value of what the plaintiff received. Consequential damages may also be awarded if proved with sufficient certainty. . .. The district court may apply a rescissory measure of damages in appropriate circumstances.”  *Ambassador Hotel Co., Ltd. v. Wei-Chuan Inv.*, 189 F.3d 1017, 1030 (9th Cir. 1999) (citing *DCD Programs v. Leighton*, 90 F.3d 1442, 1449 (9th Cir. 1996)). The Supreme Court’s decision in *Dura Pharmaceuticals, Inc. v. Broudo,* 544 U.S. 336 (2005), highlights the difficulty in framing an instruction premised on a theory that the price on the date of purchase was inflated because of a misrepresentation. *See* Comment to Instruction 18.8 (Securities—Causation). Comparable difficulties could arise when there are several different transaction dates or multiple plaintiffs, or when the lawsuit is brought as a class action. In such cases, computations based on average prices during the applicable trading period might prove necessary.

Because of the above-described complications, expert testimony is often proffered in calculating damages in 10b-5 actions. *See In re Imperial Credit Indus., Inc. Sec. Litig.*, 252 F. Supp. 2d 1005, 1014-15 (C.D. Cal. 2003); *In re Oracle Sec. Litig.,* 829 F. Supp. 1176, 1181 (N.D. Cal. 1993).