



SPONSOR: Sen. Townsend & Sen. Sokola & Sen. Lockman &
Sen. Hocker & Sen. Pettyjohn & Rep. Griffith &
Rep. Minor-Brown & Rep. Harris & Rep. Osienki &
Rep. Dukes & Rep. Spiegelman

DELAWARE STATE SENATE
153rd GENERAL ASSEMBLY

SENATE CONCURRENT RESOLUTION NO. 17

REQUESTING THE COUNCIL OF THE CORPORATION LAW SECTION OF THE DELAWARE STATE BAR ASSOCIATION PREPARE A REPORT OF RECOMMENDATIONS FOR LEGISLATIVE ACTION REGARDING AWARDS OF ATTORNEY'S FEES IN CERTAIN CORPORATE LITIGATION CASES.

1 WHEREAS, there are legitimate concerns about whether excessive attorney's fees have been awarded in cases
2 claiming a corporate benefit or common fund for stockholders and whether recurring stockholder litigation has become
3 unproductive for investors and corporations; and

4 WHEREAS, it is also recognized that there must be a sufficient incentive for law firms to take the risks of
5 representing stockholders on a contingent basis in cases that actually implicate important stockholder interests; and

6 WHEREAS, this is a difficult policy issue with which all courts, at both the federal and state level, have struggled;
7 and

8 WHEREAS, the Delaware Judiciary is rightly known for its excellence and its capability for addressing new
9 developments that require consideration with care and skill, but this issue raises systemic and policy-based considerations;
10 and

11 WHEREAS, it is in the interests of the State of Delaware, investors, corporations, and others to ensure that
12 Delaware's commitment to striking the right balance in this sensitive area is maintained; and

13 WHEREAS, it is important to ensure that statutory law provides the best framework for supporting Delaware's
14 Judiciary in addressing this sensitive policy area, especially in a time when American corporate competitiveness is essential
15 to our nation's ability to prosper in a global economy.

16 NOW, THEREFORE:

17 BE IT RESOLVED by the Senate of the 153rd General Assembly of the State of Delaware, the House of
18 Representatives concurring therein, that the General Assembly requests the Council of the Corporation Law Section of the
19 Delaware State Bar Association ("Council") prepare, on or before March 31, 2025, a report with recommendations for
20 legislative action that might help the Delaware Judiciary ensure that awards of attorney's fees provide incentives for
21 litigation appropriately protective of stockholders but not so excessive as to act as a counterproductive toll on Delaware
22 companies and their stockholders that threatens to make the overall "benefit-to-cost" ratio of corporate litigation negative.

23 BE IT FURTHER RESOLVED that in considering any such recommendations, the General Assembly requests the
24 Council examine the utility of a cap on such awards based on a multiple of lodestar amounts determined by time devoted by
25 plaintiffs' counsel and their ordinary hourly billing rates.

26 BE IT FURTHER RESOLVED that the General Assembly requests the Council submit the report to all of the
27 following:

28 (1) The President Pro Tempore and Secretary of the Senate, for distribution to all Senators.

29 (2) The Speaker and Chief Clerk of the House of Representatives, for distribution to all Representatives.

30 (3) The Governor.

SYNOPSIS

This Concurrent Resolution requests the Council of the Corporation Law Section of the Delaware State Bar Association prepare a report of recommendations for legislative action regarding awards of attorney's fees in certain corporate litigation cases.

Author: Senator Townsend