FORTUNE

The stock to buy when regulators call

Investor Daily: A British company has built a thriving business helping companies to minimize legal risk when watchdogs come knocking.

NEW YORK (Fortune) November 19, 2008 -- In the mess that has enveloped companies and the broader economy, there is a lot of finger pointing and blame being thrown about. Some people have the patience to wait for karmic retribution. For the rest of us, there are securities lawyers and regulators aplenty to mete out punishment.

Both should be very busy in the coming years. New lawsuits brought on behalf of shareholders when a company's stock tanks have more than doubled in the last two years and are well on their way in 2008 toward eclipsing the flood of cases that followed the dot.com and Enron debacles in 2002, according to NERA, a Washington, D.C.-based economic consulting firm.

Few doubt that, as the government scrambles to clear up the credit crisis, that a lot of loosely regulated markets are facing a lot more regulatory oversight.

The big winners? Vendors like U.K.-based Autonomy Corp. (AU, £8.58 on the London Stock Exchange), which sells specialized software that helps companies sort through employee e-mails and other records after they're sued or when regulators come knocking.

Autonomy isn't the only company to sell services like this. Giants like Hewlett-Packard (HPQ, Fortune 500), Symantec (SYMC, Fortune 500), Computer Associates and Iron Mountain (IRM) have units that compete with Autonomy, and there are a host of privately-held companies, like Casecentral.com, too. But if you are looking for a public company with the most to gain from these litigious times, Autonomy is by far the largest pure-play.

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