



The Law Firm of Baron & Budd, P.C. Announces Class Action Lawsuit Against Direct General Corporation

The law firm of Baron & Budd, P.C. announces that a class action lawsuit was filed in the United States District Court for the Middle District of Tennessee on behalf of purchasers of Direct General Corporation (Nasdaq: DRCT) (the "Direct General" or the "Company") securities during the period between August 11, 2003 and January 26, 2005, inclusive (the "Class Period").

Dallas, TX (PRWEB) February 14, 2005 -- The law firm of Baron & Budd, P.C. announces that a class action lawsuit was filed in the United States District Court for the Middle District of Tennessee on behalf of purchasers of Direct General Corporation (Nasdaq: DRCT) (the "Direct General" or the "Company") securities during the period between August 11, 2003 and January 26, 2005, inclusive (the "Class Period").

The complaint alleges that defendants violated federal securities laws through the Company's financial statements and defendants' disclosures throughout the Class Period. The Company's financial statements were materially false and misleading in that Direct General was failing to properly adjust for loss reserves in light of a change in Florida legislation that related to personal injury protection coverage in Florida that was signed into law on July 11, 2003.

On January 26, 2005, over 15 months after the passage of the Florida law, Direct General shocked the market by announcing that it had not previously increased its loss reserves in light of its exposure under Florida law, and, as a result, would be required to increase its loss reserves by \$11 million pre-tax.

Direct General's shares reacted negatively to this news and fell to \$19.61, down 31% from a previous closing price at \$28.49.

If you acquired the securities of Direct General during the Class Period and meet certain legal requirements, you may, no later than April 1, 2005, move for appointment of lead plaintiff on behalf of the proposed class.

If you are a member of this class and would like to take action in this suit, please visit Baron & Budd online at www.securitiesactions.com. Information on your legal rights can be obtained by contacting the law firm of Baron & Budd, P.C. at 1-800-222-2766.

About Baron & Budd, P.C.

Since 1977, the law firm of Baron & Budd, P.C. has championed the rights of people and communities harmed by corporate misconduct. With over 70 attorneys and offices in Texas, Illinois, Ohio, Louisiana, and New York, Baron & Budd enjoys a national reputation as a leader of the plaintiff's bar. The firm represents individuals with mesothelioma and other diseases caused by asbestos; leukemia caused by benzene; injuries caused by other toxic substances and unsafe pharmaceuticals; water authorities seeking clean-up costs for drinking water contamination; securities investors defrauded by corporate wrongdoing; and consumers in class actions. For more information on the firm, call 1-800-222-2766 or visit www.baronandbudd.com.

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