**2015’s Top 10 Class Action Settlements** by Wolcott Wheeler

February 16, 2016

As we look back on 2015, we’ll be reviewing the top 10 settlement and [distribution cases](https://www.battea.com/blog/2015s-top-10-class-action-distributions/) in the world of class actions settlements.  Many are securities class actions settlements—Battea’s specialty—but as you’ll see, some are non-securities related.  In this first article, we’ll be focusing on last year’s leading settlement cases.

A spectre stands behind each of these cases: the spectre of a major corporate scandal, some earth-shaking, all major.

Here are 2015’s top 10 class actions settlements, ranked in order of their associated settlement payout funds:

*1.      The Forex litigation*

**Fund size:  $2 billion**

In June 2013, Bloomberg News broke the news that many major financial institutions had been manipulating the $5.3 trillion-a-day foreign exchange (forex) market and colluding on worldwide foreign exchange rates to profit illegally while hurting their customers and the markets—a mind-boggling financial crime.  The UK’s Financial Conduct Authority (FCA) determined that this widespread market-rigging reigned between January 1, 2008 and October 15, 2013.  The class action is aimed at Bank of America.; Barclays; BNP Paribas Group; Citigroup, Citibank, and Citicorp.; Goldman Sachs; HSBC; JPMorgan Chase & Co. and JPMorgan Chase Bank, N.A.; the Royal Bank of Scotland Group PLC, The Royal Bank of Scotland PLC, and RBS Securities; and UBS.  The damages?  Britain’s 20.7 million pension holders alone claimed they suffered losses amounting to $11.5 billion a year.

*2.      The credit default swaps antitrust litigation*

**Fund size: $1.86 billion**

In one of the largest antitrust class action settlements in history, a group of major international banks agreed to settle for rigging the market for credit default swaps, a financial derivative contract used to hedge credit risk; a buyer pays a seller to promise to recompense the buyer for an agreed amount in case of a credit event, such as a default on the debt instrument by a third party. This market manipulation, in violation of Section 1 of the Sherman Act, lasted from January 1, 2008 through September 25, 2015. Defendants include Bank of America; Barclays; BNP Paribas; Citigroup; Citibank; Credit Suisse; Deutsche Bank; Goldman, Sachs; HSBC; JPMorgan Chase; JPMorgan Chase Bank, Morgan Stanley; Royal Bank of Scotland; UBS; the International Swaps and Derivatives Association; and the Markit Group.

*3.      Bear Sterns mortgage-backed securities litigation*

**Fund size: $500 million**

In January 2015, JPMorgan Chase agreed to settle a [class action litigation](https://www.battea.com/securities-class-action-news/30-securities-class-action-news/299-Bear-Sterns-settles-securities-class-action-lawsuit-for-275-million-800792614.html) stemming from Bear Stearns’ sale of $27.2 billion of defective mortgage securities in the leadup to the 2008 U.S. housing and financial crisis. The bank bought Bear in 2008 and will compensate investors led by a group of pension funds who assert that Bear violated federal securities laws by selling Mortgage Pass-Through Certificates backed by roughly 71,000 largely Alt-A mortgages in 22 offerings from May 2006 to April 2007.  According to the plaintiffs, the offering documents contained false and misleading statements about the underwriting guidelines employed by Bear’s EMC Mortgage unit, Countrywide Home Loans, and other lenders; associated property appraisals were also inaccurate.  The co-lead plaintiffs are the Public Employees’ Retirement System of Mississippi and the New Jersey Carpenters Health Fund; additional plaintiffs include the Oregon Public Employees Retirement System and the Iowa Public Employees Retirement System.

*4.      The JP Morgan Chase mortgage-backed securities litigation*

**Fund size: $388 million**

Another souvenir of the 2008 financial crisis!  JPMorgan Chase has agreed to settle with a group of investors led by the Fort Worth Employees’ Retirement Fund, who claimed the bank misled them about $10 billion worth of residential mortgage-backed securities it sold before the financial crisis.  Similar to the Bear Sterns case directly above, the plaintiffs asserted that JPMorgan misled them about the underwriting, appraisals and credit quality of the home loans underlying the certificates.  According to the lawsuit, after the Lehman crash, the certificates were worth at most 62 cents on the dollar.

*5.      The Yukos Oil Company litigation*

**Fund size: $337 million**

When the Russian oil giant Yukos went bankrupt, its worldwide assets were liquidated.  Now investors who held Yukos ordinary shares of or its American Depositary Receipts between July 2, 2003 to November 28, 2007 are entitled to partial compensation. The initial distribution will be made from funds held in the structure controlled by Stichting Administratiekantoor Financial Performance Holdings, based in the Netherlands, whose ownership is no longer in dispute, as a result of the settlement with Rosneft Oil Company.

*6.      The General Motors litigation*

**Fund size: $300 million**

In February 2014, GM began a recall of defective cars whose faulty ignition switches forced cars to turn off at highway speed, lose power steering and power brakes, and disable the airbags when these failures caused serious risk.  But by that time, it was too late. These “moving shutdowns” resulted in at least 124 deaths and hundreds of injuries. The recall expanded throughout 2014 to cover millions of vehicles representing more than 20 different GM models.  In this case, the New York State Teachers’ Retirement System was the lead plaintiff, arguing that GM was responsible for these accidents and knowingly did not rectify the safety problem.  The [class action](https://www.battea.com/securities-class-action-news/30-securities-class-action-news/317-Securities-class-action-suit-filed-against-GM-800817043.html) contended that because of these safety misrepresentations and omissions, GM’s stock was artificially inflated, and therefore GM was responsible for the loss suffered by investors as a result of this shocking safety scandal. Not to mention the deaths.

*7.      The Goldman Sachs mortgage-backed securities litigation*

**Fund size: $272 million**

In a class action suit similar to the Bear Sterns and JP Morgan cases, the lead plaintiff—the NECA-IBEW Health & Welfare Fund, an electrical workers’ pension fund in Decatur, Illinois—claimed that Goldman defrauded investors about the safety of roughly $6 billion of residential mortgage-backed securities in 2007 and 2008.  According to the NECA-IBEW, Goldman misled investors concerning the underwriting of home loans backing the securities and misrepresented the quality of appraisals and the ability of borrowers to repay their loans. During and after the financial crisis, the securities’ prices collapsed while their credit ratings plummeted from “triple-A” to a low “triple-C” junk grade.  The aftermath of the financial crisis continues to reverberate with us.

*8.      The Puda Coal litigation*

**Fund size: $269 million**

In April 2011, it was revealed that the chairman of Puda Coal, a Chinese coal company, had transferred ownership of Puda’s operating entity, Shanxi Coal, to himself, thereby making Puda an empty shell company.  When this was revealed, Puda’s shares fell $3.10 per share, or over 34%, to close at $6.00 per share, on extremely heavy trading volume.  As a result of this fraud, investors who held Puda shares between November 13, 2009, to April 11, 2011 are now entitled to compensation.

*9.      HCA Holdings litigation*

**Fund size: $215 million**

When HCA Holdings, the Nashville-based hospital giant, launched its IPO in 2011, it failed to disclose that its Medicare and Medicaid revenues were declining and offered a “false and misleading” initial public offering registration statement that improperly accounted for previous reorganizations.  Plaintiffs contend that the accounting error overstated earnings by $790 million.  HCA’s stock sold for $30 a share during its IPO, but after the scandal came to light, it dropped 38 percent. trading at $18.81 by October 3, 2011.  The lead plaintiff is the New England Teamsters & Trucking Industry Pension Fund.  Plaintiffs are estimated to have suffered more than $1 billion in damages.

*10.  RALI MBS litigation*

**Fund size: $207 million**

Another echo of the financial crisis, again a result of bad mortgage-backed securities (MBS).  The lead plaintiff, the New Jersey Carpenters Health Fund, alleged that as in the Bear Sterns, JP Morgan, and Goldman cases, the RALI Trusts were willfully deceptive regarding the soundness of the MBS they were purveying, specifically in regards to underwriting guidelines, the ability of borrowers to repay, the stated investment grade ratings, and substantial conflicts of interest inherent in the purveyance of the loans.  The litigation covers the offering period between March 28, 2006 and October 9, 2007.

These, then, are the top 10 settlement cases of 2015.  Stay tuned for our upcoming article on 2015’s top distributions!