

In re Altisource Portfolio Solutions S.A. Securities Litigation

COURT: United States District Court for the Southern District of Florida
CASE NUMBER: 14-81156-WPD
CLASS PERIOD: 04/25/2013 - 12/21/2014
CASE LEADERS: Hannah Ross, Jesse L. Jensen

This is a securities class action on behalf of a class of all persons and entities who purchased or otherwise acquired the common stock of Altisource Portfolio Solutions S.A. (“Altisource” or the “Company”) during the period from April 25, 2013 through December 21, 2014 inclusive (the “Class Period”).

On December 5, 2014, the Honorable William P. Dimitrouleas, U.S. District Judge for the Southern District of Florida, entered an Order appointing the International Union of Painters and Allied Trades District Council 35 Pension and Annuity Funds as Lead Plaintiffs, and appointing BLB&G as Lead Counsel for the investor class.

Court Grants Final Approval of \$32 Million Cash Settlement

On February 8, 2017, Plaintiffs entered into the Stipulation and Agreement of Settlement setting forth the terms and conditions of the settlement of this Action for \$32 million in cash (the “Settlement”). On May 30, 2017, the Court granted final approval of the Settlement, approved the Plan of Allocation for the distribution of the Settlement proceeds, and awarded attorneys’ fees and reimbursement of litigation expenses.

The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is considered closed.

Background

On January 30, 2015, Lead Plaintiffs filed and served their Amended Class Action Complaint, and on February 2, 2015, filed and served a Corrected Amended Class Action Complaint (the “Amended Complaint”). The Amended Complaint asserted claims against Altisource, and its Chairman, CEO and CFO (the “Altisource Defendants”) and against Altisource’s former parent and related company, Ocwen Financial Corporation (“Ocwen”; collectively with the Altisource Defendants, the “Defendants”) under Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act.

Through the Amended Complaint, Plaintiffs alleged, among other things, that Defendants made materially false and misleading statements and omitted material information regarding the true nature of the relationship and business dealings between Altisource, a provider of support and technology services for mortgage loan servicing, and Ocwen, the largest nonbank mortgage servicer in the country and Altisource’s former parent. Specifically, the Amended Complaint alleged that Altisource and Ocwen, through their Chairman and founder Defendant Erbey, engaged in conflicted transactions that unduly benefited Altisource and Erbey. As alleged, these conflicted transactions were approved by Defendant Erbey—who had a significant ownership interest in both companies—in direct violation of Defendants’ representations that Erbey recused himself from discussions concerning any transactions between Altisource and Ocwen.

On March 23, 2015, the Altisource Defendants and Ocwen each moved to dismiss the Amended Complaint, and on September 4, 2015, the Court entered an Omnibus Order Granting Defendants' Motions to Dismiss the Amended Complaint without prejudice.

On September 25, 2015, Lead Plaintiffs filed their Second Amended Class Action Complaint (the "Second Amended Complaint"), which substantially bolstered Lead Plaintiffs' prior allegations, including that the Altisource Defendants and Ocwen defrauded investors and caused artificial inflation in the price of Altisource common stock by, among other things, misrepresenting Defendant Erbey's conflicted role in approving and negotiating related party transactions between Altisource and Ocwen. Shortly thereafter, on October 15, 2015, Lead Plaintiffs filed the Third Amended Class Action Complaint (the "Third Amended Complaint") to address events that had occurred since the filing of the Second Amended Complaint.

The Altisource Defendants and Ocwen again moved to dismiss, which the Parties proceeded to fully brief. On December 21, 2015, the Court entered its Second Omnibus Order on Motions to Dismiss, in which the Court sustained in part the claims alleged in the Third Amended Complaint against the Altisource Defendants, specifically those claims concerning the allegations that the Altisource Defendants misrepresented its Chairman's participation in conflicted related party transactions between Altisource and Ocwen. The Court dismissed all claims against Ocwen.

The Altisource Defendants thereafter moved for reconsideration of the Court's December 21, 2015 Order, including on the basis of "new evidence" from a just-filed SEC proceeding concerning Ocwen. Following yet another round of full briefing, the Court denied Defendants' motion on March 4, 2016.

The Parties thereafter commenced extensive discovery efforts while also engaging in intensive motion practice and other activities as required by the Court's scheduling orders. On December 2, 2016, pursuant to Lead Plaintiffs' motion to amend, Lead Plaintiffs submitted a proposed Fourth Amended Complaint based on Lead Counsel's fact development through discovery. After the Court granted Lead Plaintiffs' motion to amend, Lead Plaintiffs filed the Fourth Amended Complaint on December 28, 2016.

Case Documents

- August 7, 2018 - Order Approving Distribution Plan
- May 31, 2017 - Order and Final Judgment
- May 31, 2017 - Order Awarding Attorneys' Fees and Reimbursement of Litigation Expenses
- May 31, 2017 - Order Approving Plan of Allocation of Net Settlement Fund
- April 25, 2017 - Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation, and Incorporated Memorandum of Law
- April 25, 2017 - Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses, and Incorporated Memorandum of Law
- April 25, 2017 - Declaration of Hannah G. Ross in Support of (I) Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation, and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses

- March 10, 2017 - Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- February 10, 2017 - Order Preliminarily Approving Proposed Settlement and Providing for Notice
- February 8, 2017 - Stipulation and Agreement of Settlement
- December 22, 2015 - Second Omnibus Order on Motions to Dismiss
- December 28, 2016 - Fourth Amended Class Action Complaint
- October 15, 2015 - Third Amended Class Action Complaint
- January 30, 2015 - Amended Class Action Complaint
- September 8, 2014 - Class Action Complaint