

Automotive Machinists Pension Trust v. EZCORP, Inc

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 14-cv-6834
CASE TEAM: Richard D. Gluck

This securities class action lawsuit was filed on behalf of the Automotive Machinists Pension Trust against EZCORP, Inc. (“EZCORP” or the “Company”) and certain of the Company’s officers, as well as EZCORP’s controlling shareholder Phillip Ean Cohen and MS Pawn Limited Partnership. The action asserts claims under the Securities Exchange Act of 1934 (“Exchange Act”) on behalf of investors in EZCORP common stock during the period of April 19, 2012 through October 6, 2014, inclusive (the “Class Period”). A copy of the Consolidated Complaint is available [here](#).

The Complaint alleges that beginning on April 19, 2012 and throughout the Class Period, EZCORP and certain of its senior executives violated provisions of the Exchange Act by disseminating false and misleading press releases, financial statements, filings with the Securities and Exchange Commission and statements during investor conference calls. As alleged in the Complaint, throughout the Class Period, EZCORP and certain of its senior executives misrepresented significant facts concerning EZCORP’s business and operations, including that the Company and its Cash Genie business complied with all relevant regulations governing its businesses.

In a series of corrective disclosures, EZCORP revealed that Cash Genie had not complied with best practices, and admitted that its Cash Genie business appeared to have committed violations of consumer protection laws. On the last day of the Class Period, the Company revealed a reorganization of its business, explaining that it was exiting its online businesses in both the United Kingdom and the United States, that these changes would result in approximately \$110 million in goodwill impairments and other charges, and that it was lowering its guidance. As a result of Defendants’ disclosures, the price of EZCORP stock declined dramatically, damaging the members of the class.

On January 26, 2015, the court appointed Automotive Machinists Pension Trust as Lead Plaintiff and approved its selection of BLB&G as Lead Counsel. On March 12, 2015, Lead Plaintiff filed its Consolidated Complaint. Defendants filed motions to dismiss, which Lead Plaintiff opposed. On March 31, 2016, the court denied in part and granted in part the motions to dismiss.

On November 29, 2016, the parties announced a settlement of \$5.9 million. On January 4, 2017, the Court granted preliminary approval of the settlement. Among other things, the Court’s Order directed that Notice of the proposed settlement be provided to potential class members. Following a hearing on April 25, 2017, the Court granted final approval of the Settlement. The deadline for submission of claims is May 19, 2017.

Case Documents

- September 7, 2018 - Order Approving Distribution Plan
- April 26, 2017 - Judgment Approving Class Action Settlement

- Summary Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- March 21, 2017 - Memorandum of Law in Support of Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Plan of Allocation of Settlement Proceeds
- March 21, 2017 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- March 21, 2017 - Declaration of Timothy A. Delange in Support of Final Approval of Class Action Settlement, the Plan of Allocation, and Lead Counsel's Application for an Award of Attorneys' Fees and Litigation Expenses
- January 4, 2017 - Notice of (I) Pendency of Class Action. Certification of Settlement Class , and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- January 4, 2017 - Order Preliminarily Approving Proposed Settlement and Providing for Notice
- December 23, 2016 - Stipulation and Agreement of Settlement
- March 31, 2016 - Order On Motions To Dismiss
- March 13, 2015 - Consolidated Class Action Complaint