New York State Teachers' Retirement System v. General Motors Company

COURT: United States District Court for the Eastern District of Michigan
CASE NUMBER: 14-cv-11191
CASE LEADERS: Salvatore J. Graziano, Gerald H. Silk, James A. Harrod, Adam H. Wierzbowski, Rebecca E. Boon

This securities class action against General Motors Company ("GM" or the "Company") -- the maker of Buick, Cadillac, Chevrolet, and GMC vehicles -- arose from a series of alleged misrepresentations concerning the quality, safety, and reliability of the Company's cars, which defendants represented were vigorously tested before being offered to customers.

Lead Plaintiff Achieves a $300 Million Settlement

Lead Plaintiff New York State Teachers' Retirement System, on behalf of itself and the Settlement Class, as defined in the **Notice**, reached a settlement of the Action for $300,000,000 in cash (the "Settlement") that resolves all claims in the Action. The Claim Filing Deadline for the Settlement was April 27, 2016. For more information about the Settlement, you may visit **www.GMSecuritiesLitigation.com**.

On May 19, 2016, the Court entered an Opinion and Order approving the Settlement as fair, reasonable and adequate, approving the Plan of Allocation, and awarding attorneys' fees and expenses.

On June 13, 2016, a class member who had objected to the approval of the Settlement in the District Court appealed the judgment approving the Settlement. The Sixth Circuit Court of Appeals denied that appeal on November 27, 2017. The objector filed a petition for certiorari to the U.S. Supreme Court and, on October 29, 2018, the Supreme Court denied the objector's petition, resolving the appeal.

Following the resolution of the appeal, Lead Plaintiff filed a motion with the District Court for approval of the proposed Distribution Plan. The Court approved that motion on May 21, 2019, and, pursuant to the Court's **Order**, on July 31, 2019 the Claims Administrator began mailing checks to Settlement Class Members who had submitted eligible claims. A second distribution is scheduled for the first quarter of 2021.

Background

On February 13, 2014, GM announced a recall of 779,000 cars, including the Company's 2005-2007 Chevrolet Cobalt and the 2007 Pontiac G5, because of defects with their ignition switches. Specifically, the defect enabled the ignition switch key to move out of position, causing the car to shut off and critical safety features to become disabled. GM also disclosed on February 13 that there have been 22 crashes involving its cars where the airbags did not deploy, including five crashes that caused six deaths.

On February 25, 2014, GM more than doubled its recall related to the ignition switches, recalling an additional 842,000 cars including: Saturn Ion compact cars from 2003-2007; Chevy HHR mid-sized vehicles from 2006 and 2007; Pontiac Solstice and Saturn Sky sports cars from 2006 and 2007; and the Opel GT Roadster from 2007. The two recalls affected over 1.6 million GM cars worldwide. GM also said that it had underreported the amount of

© 2024 Bernstein Litowitz Berger & Grossmann LLP All Rights Reserved.

accidents and fatalities caused by its defective ignition switch when it first announced the recall, and that the problem actually caused 31 accidents including 13 fatalities.

Then, on March 11, 2014, the U.S. Justice Department, the U.S. Attorney for the Southern District of New York, as well as the U.S. Senate Committee on Commerce, Science and Transportation announced that they were investigating GM's handling of the ignition switch recall in order to determine whether the Company violated criminal or civil laws by failing to notify regulators about the switch failures. Further, the U.S. House of Representatives' Energy and Commerce Committee also asked GM CEO Mary Barra for documents and field reports related to the recall. These disclosures caused the price of GM stock to drop from $37.09 per share to $35.18 per share -- the largest one-day decline in more than two years -- and erased over $2.4 billion in market capitalization.

On October 24, 2014, Judge Parker appointed the New York Teachers' Retirement System ("New York Teachers") as Lead Plaintiff over the securities class action. New York Teachers filed a Consolidated Class Action Complaint on January 15, 2015.

Defendants filed a motion to dismiss on March 13, 2015. As of July 10, 2015, the motion was fully briefed and the parties were waiting for a decision from the Court. In September 2015, while the motion to dismiss was pending, the parties reached an agreement to settle the case for $300 million. On November 20, 2015, the Judge Parker granted Lead Plaintiff's motion for preliminary approval of the settlement. On May 19, 2016, the Court granted Lead Plaintiff's motion for final approval of the settlement and plan of allocation. However, a class member who had objected to the approval of the Settlement and related matters, Donald Marro, filed a pro se appeal on June 13, 2016. Marro's appeal was dismissed by the Sixth Circuit Court of Appeals in November 2017, but in June 2018, Marro filed a petition for certiorari to the U.S. Supreme Court. The Supreme Court denied Marro's petition for certiorari on October 30, 2018. The Claims Administrator has completed processing of claims. On May 2, 2019 we filed a motion in the District Court addressing certain disputed claims and requesting that the Court authorize the distribution of settlement funds to class members who filed valid claims. The Court approved that motion on May 21, 2019 and the Initial Distribution of settlement funds took place on July 31, 2019. A Second Distribution occurred in October 2021. A Third Distribution is scheduled for the first quarter of 2024.

Case Documents

- May 21, 2019 - Order Approving Distribution Plan
- October 29, 2018 - U.S. Supreme Court Order Denying Petition for Certiorari
- November 27, 2017 - Sixth Circuit Order Affirming Judgment on Appeal
- May 23, 2016 – Judgment Approving Class Action Settlement
- May 19, 2016 – Opinion and Order Granting (1) Lead Plaintiff's Motion for Final Approval of Settlement and Approval of Plan Allocation and (2) Lead Plaintiff's Motion for Attorney Fees and Reimbursement of Litigation Expenses
- March 9, 2016 - Declaration of Salvatore J. Graziano in Support of (I) Lead Plaintiff's Motion for Final Approval of Settlement and Plan of Allocation, and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses

© 2024 Bernstein Litowitz Berger & Grossmann LLP All Rights Reserved.

- March 9, 2016 - Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- March 9, 2016 - Lead Plaintiff's Motion for Final Approval of Settlement and Approval of Plan of Allocation
- December 18, 2015 - 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
- November 11, 2015 - Stipulation and Agreement of Settlement
- November 20, 2015 - Preliminary Approval Order
- January 15, 2015 - Consolidated Class Action Complaint

© 2024 Bernstein Litowitz Berger & Grossmann LLP All Rights Reserved.