

## JPMorgan Mortgage Pass-Through Litigation

**COURT:** United States District Court for the Eastern District of New York  
**CASE NUMBER:** 2:08-cv-01713  
**CASE LEADERS:** Jeroen van Kwawegen, Jonathan D. Uslaner  
**CASE TEAM:** James A. Harrod, Richard D. Gluck

This case alleges violation of the Securities Act arising from J.P. Morgan's sale of mortgage pass-through certificates using false and misleading offering documents. The offering documents failed to disclose, *inter alia*, that (i) the underwriting standards used by the loan originators had systematically ignored their stated standards; (ii) J.P. Morgan ignored its standards and guidelines when evaluating and acquiring the loans; and (iii) the stated appraisal standards were not followed when valuing the properties collateralizing the loans and the corresponding loan-to-value ratios.

### July 24, 2014 - Lead Plaintiff Obtains Final Court Approval for \$280 Million Settlement

Following a hearing, the Court granted final approval of the Settlement on July 24, 2014.

### Background

On March 26, 2008, a complaint was filed against J.P. Morgan and its related entities in New York State Court, Nassau County, captioned *Plumbers' & Pipefitters' Local #562 Supplemental Plan & Trust and Plumbers' & Pipefitters' Local #562 Pension Fund v. JP Morgan Acceptance Corporation I, et al.*, 08-cv-1713 (the "J.P. Morgan Action"). On January 8, 2009, following a stipulation to removal to federal court, the plaintiffs in the J.P. Morgan Action issued a PSLRA notice. The Public Employees' Retirement System of Mississippi ("MissPERS") filed its motion for appointment as Lead Plaintiff on March 23, 2009.

On November 24, 2009, Judge Edward R. Korman entered an order adopting Magistrate Judge William Wall's Report and Recommendation that MissPERS be appointed Lead Plaintiff. On March 8, 2010, Lead Plaintiff filed the Consolidated Complaint and on May 7, 2010, Defendants filed a motion to dismiss. On December 13, 2011, Judge Korman sustained Lead Plaintiff's Section 11 and 15 claims that the offering documents for Lead Plaintiff's securities contained untrue statements and omissions regarding underwriting and appraisal standards. The Order also held that the Lead Plaintiff did not have standing to assert the claims of other investors that purchased in the same offerings. On January 11, 2012, the Lead Plaintiff filed a motion pursuant to 28 U.S.C. § 1292(b) to modify the Order to include a certification for interlocutory appeal on the standing issue.

On September 6, 2012, the Second Circuit held that a plaintiff has standing to bring claims on behalf of purchasers of MBS in different offerings issued pursuant to the same shelf registration statement, so long as those certificates are "backed by mortgages originated by the same lenders that originated the mortgages backing plaintiff's certificates." *NECA-IBEW Health & Welfare Fund v. Goldman Sachs & Co.*, 2012 WL 3854431 (2d Cir. Sept. 6, 2012). On September 14, Judge Korman issued an order denying Lead Plaintiff's 1292(b) motion as moot and requesting that the parties quantify the impact of *Goldman Sachs*. After *Goldman Sachs*, the Lead Plaintiff had standing to pursue claims related to 26 J.P. Morgan MBS offerings issued pursuant to a common registration statement.

On April 11, 2013, MissPERS served its opening class certification brief, but thereafter the parties agreed to revise the case schedule to pursue private mediation. The parties reached an agreement in principle to settle the case in December, 2013 for \$280 million.

On April 23, 2013, the case had been assigned to a new district judge, Judge Pamela Ki Mai Chen. On May 1, 2014, Judge Chen held a preliminary approval hearing, and on May 2, issued an order preliminarily certifying a class and approving the \$280 million settlement. Judge Chen granted final approval of the settlement on July 24, 2014.

## Case Documents

- July 24, 2014 - Order Approving Plan of Allocation
- July 24, 2014 - Order and Final Judgment
- June 19, 2014 - Memorandum of Law in Support of Lead Plaintiff's Motion for Final Approval of Class Action Settlement and Approval of Plan of Allocation
- June 19, 2014 - Memorandum of Law in Support of Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- Notice of Pendency of Class Action and Proposed Settlement, Final Approval Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses
- March 8, 2010 - Consolidated Class Action Complaint