

Hoff v. Popular, Inc. et al.

COURT: United States District Court for the District of Puerto Rico
CASE NUMBER: 09-cv-01428-GAG
CLASS PERIOD: 01/23/2008 - 02/19/2009
CASE LEADERS: Salvatore J. Graziano, Jeremy P. Robinson

Securities class action filed in the U.S. District Court in the District of Puerto Rico against Popular, Inc. and certain of its officers. Popular, a bank holding company based in San Juan, Puerto Rico, provides mortgage and consumer finance, lease financing, investment banking and also operates broker/dealer activities, retail financial services and automated tellers.

On January 22, 2009, Popular reported a stunning fourth quarter loss of \$718 million which was driven by the Company's surprise announcement that it would be unable to realize any benefit from deferred tax assets related to the Company's U.S. operations—a measure that more than reversed any gains the bank had recorded in the prior year. The January 22, 2009 announcement drove Popular's stock down over 50 percent in a single day—from \$4.98 per share to \$2.46 per share.

According to the Complaint, Popular's senior management knew that the Company would be unable to realize any of the Company's deferred tax assets relating to its U.S. operations and should have taken a full valuation allowance—a determination that a deferred tax asset will not be realized—as early as December 2007. The Complaint further alleges that Popular's failure to record the valuation allowance in prior quarters was part of a deliberate effort to conceal the Company's true financial condition from investors. Specifically, the Complaint alleges that the Company knew that its efforts to extract itself from its U.S. mainland and subprime businesses in 2007 virtually ensured that the Company would be unable to realize the majority of its deferred tax assets.

The General Retirement System of the City of Detroit was appointed Co-Lead Plaintiff, and BLB&G was appointed Co-Lead Counsel on August 21, 2009. An Amended Complaint was filed on October 19, 2009. Defendants' filed motions to dismiss, which Lead Plaintiffs opposed, and on August 2, 2010, the Court denied in most respects, Defendants' motions to dismiss.

Lead Plaintiffs Recover \$37.5 Million in Cash to Settle All Claims

On June 20, 2011, the Court gave preliminary approval to a proposed settlement reached by Lead Plaintiffs on behalf of the Settlement Class for a total of \$37.5 million in cash.

On November 2, 2011, the Court granted final approval of the settlement. In order to be eligible to share in the benefits of the settlement, Settlement Class Members were required to submit a completed and signed Proof of Claim Form to the Claims Administrator postmarked no later than October 11, 2011.

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

Case Documents

- Notice of (I) Pendency and Proposed Settlement of Class Action; (II) Settlement Hearing; And (III) Motion for Attorneys Fees and Expenses

- November 2, 2011 - Order Awarding Attorneys Fees and Expenses
- November 2, 2011 - Order Approving Plan of Allocation of Settlement Proceeds
- November 2, 2011 - Final Judgment and Order of Dismissal
- October 4, 2011 - Co-Lead Counsel's Motion and Memorandum of Law for an Award of Attorneys' Fees and Expenses
- October 4, 2011 - Lead Plaintiffs' Motion and Memorandum of Law for Final Approval of Class Action Settlement and Plan of Allocation of Settlement Proceeds and Final Certification of the Settlement Class for Settlement Purposes
- October 4, 2011 - Joint Declaration in Support of Settlement, Plan of Allocation, and Fee and Expense Application