

# *Key West Police & Fire Pension Fund v. Ryder System, Inc.*

**COURT:** United States District Court for the Southern District of Florida  
**CASE NUMBER:** 1:20-cv-22109  
**CLASS PERIOD:** 07/23/2015 - 02/13/2020  
**CASE LEADERS:** Salvatore J. Graziano, John Rizio-Hamilton, Adam H. Wierzbowski, Avi Josefson, Hannah Ross, Michael D. Blatchley, John J. Esmay  
**CASE TEAM:** Mathews R. de Carvalho, Emily A. Tu

On May 20, 2020, Bernstein Litowitz Berger & Grossmann filed a class action lawsuit for violations of the federal securities laws on behalf of its client, Key West Police & Fire Pension Fund ("Key West") in the U.S. District Court for the Southern District of Florida against Ryder System, Inc. ("Ryder" or the "Company") and certain of the Company's current and former senior executives (collectively, "Defendants"). Key West brought the case on behalf of investors in Ryder common stock between July 23, 2015 and February 13, 2020, inclusive (the "Class Period").

The case is captioned *Key West Police & Fire Pension Fund v. Ryder System, Inc.*, No. 1:20-cv-22109 (S.D. Fla.) and the complaint is based on an extensive proprietary investigation and a careful evaluation of the merits of this case.

## **Lead Plaintiffs Have Settled the Action for \$45 Million**

The Court-appointed Lead Plaintiffs State of Alaska, Alaska Permanent Fund; The City of Fort Lauderdale General Employees' Retirement System; and The City of Plantation Police Officers Pension Fund ("collectively, "Lead Plaintiffs"), on behalf of themselves and the Settlement Class (defined below), have reached a settlement of this class action lawsuit (the "Action") for \$45,000,000 in cash (the "Settlement").

The Settlement Class consists of all persons or entities who purchased or otherwise acquired publicly traded Ryder common stock during the Class Period, and were damaged thereby. Excluded from the Settlement Class are: (i) Defendants; (ii) the Immediate Family Members of any Individual Defendant; (iii) present or former Officers and directors of Ryder and their Immediate Family Members; (iv) any parent, subsidiary, or affiliate of Ryder; (v) any firm, trust, corporation, or other entity in which any Defendant or other excluded person or entity has, or had during the Class Period, a controlling interest; and (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded persons or entities. Also excluded from the Settlement Class are the persons or entities who or which excluded themselves by submitting a request for exclusion from the Settlement Class.

On April 18, 2023, the parties filed a joint notice of settlement. Lead Plaintiffs filed a motion seeking preliminary approval of the Settlement on May 19, 2023. On July 25, 2023, the Court conducted a hearing on Lead Plaintiffs' motion for preliminary approval of the Settlement. On August 10, 2023, the Court denied the motion for preliminary approval without prejudice, and ordered Lead Plaintiffs to refile the motion with changes to the proposed order and notice to the Settlement Class. On August 17, 2023, Lead Plaintiffs refiled the motion for preliminary approval with the changes required by the Court. On February 20, 2024, the Court entered an order preliminarily approving the Settlement ("Preliminary Approval Order"). Pursuant to the Preliminary Approval Order, a notice of the Settlement was mailed to potential Settlement Class Members and a Court hearing to consider the

fairness of the Settlement (the “Fairness Hearing”) was conducted on October 23, 2024. Following the Fairness Hearing, the Court entered an order finally approving the Settlement, an order approving the Plan of Allocation for the proceeds of the Settlement, and an order awarding attorney’s fees and litigation expenses.

Payments to eligible claimants from the Settlement proceeds will be made only after the completion of all claims processing. Please be patient, as this process will take some time to complete.

Please note: On March 7, 2024, the Action was reassigned from District Judge Aileen M. Cannon to District Judge Jacqueline Becerra.

More information about the Settlement is available at [www.RyderSystemSecuritiesLitigation.com](http://www.RyderSystemSecuritiesLitigation.com).

### **Ryder’s Alleged Fraud**

Headquartered in Miami, Florida, Ryder is a global provider of transportation and supply chain solutions, including leasing trucks to end users. As part of Ryder’s truck-leasing model, Ryder assigns residual values to its trucks for depreciation purposes and then sells those vehicles at the end of their useful lives. The Company calculates its depreciation expense by subtracting the residual value from the present value of its trucks and dividing that number by the number of years in the trucks’ useful lives. An increase in the residual value of Ryder’s trucks enables it to decrease the incremental depreciation expense recorded on those assets. Thus, the higher the residual value that Ryder assigns to its trucking fleet, the less depreciation expense the Company must record, which has the effect of increasing Ryder’s pre-tax earnings on a dollar-for-dollar basis. The claims alleged in this case arise from Defendants’ misrepresentations and omissions regarding the residual values that Ryder assigned to its trucks.

The complaint alleges that Defendants inflated Ryder’s financial results by systematically overstating the residual value of its trucking fleet. While Ryder repeatedly increased the expected residual values of its trucks, the actual amount Ryder was receiving from sales of used trucks had started to decline. Nevertheless, the Company assured investors that it had been “conservative” in establishing the residual values of trucks in its fleet and “[w]e don’t have a situation where we’ve got a bunch of vehicles that are at high residual values [and] have to be written down.” As a result of Defendants’ misrepresentations, shares of Ryder’s common stock traded at artificially inflated prices during the Class Period.

The truth emerged through a series of disclosures beginning on July 30, 2019, when Ryder drastically reduced its full-year 2019 earnings forecast, which management attributed primarily to declining valuations of its trucks.

On October 29, 2019, the Company revealed that “our residual value estimates likely exceeded the expected future values that would be realized upon the sale of power vehicles in our fleet.” As a result, Ryder significantly lowered the residual value of its trucking fleet and incurred \$177 million in additional depreciation expense in the third quarter of 2019.

Then, on February 13, 2020, Ryder reported that, based on the significant reductions to the residual value of its fleet, it had incurred a total of \$357 million in additional depreciation expense for 2019, as well as a loss of \$58 million on the sale of used vehicles. The Company also announced that, for 2020, it expected to incur an additional \$275 million in depreciation expense on its fleet, and an additional \$20 million estimated loss on used vehicle sales. As a result of these disclosures, the price of Ryder common stock declined precipitously.

On August 3, 2020, the Court appointed City of Fort Lauderdale General Employees’ Retirement System, Alaska Permanent Fund, and the City of Plantation Police Officers’ Pension Fund Lead Plaintiffs in the case against Ryder.

On October 5, 2020, Lead Plaintiffs filed their Amended Complaint. On May 12, 2022 the Court denied Defendants' motion to dismiss in its entirety, finding that the alleged misstatements were materially false and misleading and that Plaintiffs adequately alleged that Defendants acted with scienter. The Court found that "Plaintiffs have pleaded facts alleging that Defendants possessed information that did not support Defendants' opinions as articulated to investors."

On June 24, 2022, the Parties submitted a joint case management report and proposed schedule, and on June 27, the Court entered a Scheduling Order, setting a two-week trial to begin on June 17, 2024. In addition, the Parties are required to engage in and complete court-ordered mediation by October 28, 2023. Plaintiffs filed opening class certification papers on September 23, 2022, Defendants filed their opposition to class certification on December 16, 2022, and Plaintiffs filed a reply on February 17, 2023.

## Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses
- Proof of Claim and Release Form
- November 12, 2024 - Order Awarding Attorneys' Fees and Litigation Expenses
- November 12, 2024 - Order Approving Plan of Allocation of Net Settlement Fund
- November 12, 2024 - Order Approving Class Action Settlement and Dismissing Case with Prejudice
- October 16, 2024 - Reply Memorandum of Law in Further Support of (A) Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation and (B) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- October 16, 2024 - Supplemental Declaration of Luiggy Segura Regarding: (A) Continued Mailing of the Notice Packet; and (B) Report on Requests for Exclusion and Objections Received
- August 12, 2024 - Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation and Incorporated Memorandum of Law
- August 12, 2024 - Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses and Incorporated Memorandum of Law
- August 12, 2024 - Declaration of John Rizio-Hamilton in Support of (I) Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation and (II) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- March 7, 2024 - Order of Reassignment
- February 20, 2024 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Notice of Settlement
- May 19, 2023 - Stipulation and Agreement of Settlement
- October 5, 2020 - Amended Complaint for Violations of The Federal Securities Laws

- May 20, 2020 - Ryder System, Inc. Initial Complaint
- May 20, 2020 - Ryder System, Inc. PSLRA Notice