

# *In Re Silvergate Capital Corporation Securities Litigation*

**COURT:** United States District Court for the Southern District of California  
**CASE NUMBER:** 3:22-cv-01936  
**CLASS PERIOD:** 11/07/2019 - 03/21/2023  
**CASE LEADERS:** Hannah Ross, John Rizio-Hamilton, Jonathan D. Uslaner  
**CASE TEAM:** Lauren M. Cruz

This is a securities class action filed on behalf of (a) all persons and entities who purchased or otherwise acquired the publicly traded stock of Silvergate Capital Corporation ("Silvergate") between November 7, 2019 through March 21, 2023, inclusive (the "Class Period"), and were damaged thereby; and (b) all persons or entities who purchased Silvergate stock in or traceable to Silvergate's securities offerings conducted on or about January 22, 2021, March 9, 2021 to May 18, 2021, July 29, 2021, and December 7, 2021 (collectively, the "2021 Offerings"), and were damaged thereby. The action alleges violations of the Exchange Act of 1934 and violations of the Securities Act of 1933 against Silvergate, its CEO, Alan Lane, and certain other executives, directors, and underwriters involved in the 2021 Offerings. The Honorable James Edward Simmons Jr. is presiding over the case.

## **Plaintiffs Have Reached a Proposed Settlement of the Action for \$37.5 Million**

Lead Plaintiffs, Indiana Public Retirement System, Boston Retirement System, Public School Teachers' Pension & Retirement Fund of Chicago, International Union of Operating Engineers, Local No. 793, Members Pension Benefit Trust of Ontario, UMC Benefit Board, Inc. and Wespath Institutional Investments LLC, both as administrative trustees of the Wespath Funds Trust (collectively, "Lead Plaintiffs"); and Bucks County Employees Retirement Fund ("Bucks County," and collectively with the Lead Plaintiffs, "Plaintiffs"), on behalf of themselves and the Settlement Class, have reached a proposed settlement of the Action for **\$37,500,000** in cash that, if approved, will resolve the Action (the "Settlement").

If you are a member of the Settlement Class, your rights will be affected and you may be eligible for a payment from the Settlement. The Settlement Class consists of:

- (a) all persons and entities who purchased or otherwise acquired the publicly traded common stock of Silvergate Capital from November 7, 2019 through March 21, 2023, inclusive, and were damaged thereby, and
- (b) all persons and entities who purchased Silvergate Capital securities in and/or traceable to any of Silvergate Capital's securities offerings during 2021, and were damaged thereby

Certain persons and entities are excluded from the Settlement Class by definition (see paragraph 16 of the Notice) or may request exclusion pursuant to the instructions set forth in the Notice (see paragraph 44 of the Notice).

Please read the Notice to fully understand your rights and options. Copies of the Notice and Claim Form can be found in the Case Documents list on the right of this page. You may also visit the case website, [www.SilvergateSecuritiesLitigation.com](http://www.SilvergateSecuritiesLitigation.com), for more information about the Settlement.

To be eligible to receive a payment under the proposed Settlement, you must submit a Claim Form postmarked (if mailed) or submitted on-line by no later than **October 21, 2025**.

Payments to eligible claimants will be made only if the Court approves the Settlement and a plan of allocation, and only after any appeals are resolved, and after the completion of all claims processing. Please be patient, as this process will take some time to complete.

### IMPORTANT DATES AND DEADLINES

October 21, 2025	<b>Claim Filing Deadline.</b> Claim Forms must be <i>postmarked (if mailed) or submitted on-line no later than October 21, 2025.</i>
August 13, 2025	<b>Exclusion Deadline.</b> To exclude yourself from the Settlement Class, you must submit a written request for exclusion so that it is <i>received no later than August 13, 2025</i> , in accordance with the instructions in the Notice.
August 13, 2025	<b>Objection Deadline.</b> Any objections to the proposed Settlement, the proposed Plan of Allocation, or the motion for attorneys' fees and expenses, must be submitted so they are received <i>no later than August 13, 2025</i> , in accordance with the instructions in the Notice.
September 3, 2025 at 9:00 a.m.	<b>Settlement Hearing.</b> The Settlement Hearing will be held on September 3, 2025 at 9:00 a.m. Pacific time, before the Honorable James E. Simmons, Jr. either in person at the U.S. District Court for the Southern District of California, Edward J. Schwartz United States Courthouse, Courtroom 4B, 221 West Broadway, San Diego, CA 92101, or by telephone or videoconference. The Settlement Hearing will be held by the Court to consider, among other things, whether the proposed Settlement is fair, reasonable, and adequate and should be approved; whether the proposed Plan of Allocation is fair and reasonable and should be approved; and whether Lead Counsel's motion for attorneys' fees and expenses should be approved.

### Background and History of the Litigation

On January 19, 2023, Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") filed a class action lawsuit in the U.S. District Court for the Southern District of California alleging violations of the federal securities laws by Silvergate Capital Corporation ("Silvergate" or the "Company"), certain of the Company's senior executives, members of the Company's Board of Directors, and the underwriters of Silvergate's secondary public offerings of Class A common stock (the "SPOs"), conducted on or around January 22, 2021, and December 7, 2021.

The complaint alleges that throughout the Class Period, and in connection with the SPOs, Silvergate made false and misleading statements to investors concerning the Company's robust compliance framework, as well as its anti-money laundering and customer identification programs. Silvergate also assured investors that it maintained sufficient liquidity to cover inflows and outflows on its platform. The complaint alleges that, in truth, the Company's

lax compliance practices enabled its customers to engage in large scale criminal activities, including an egregious fraud perpetrated by FTX and Alameda Research and massive money laundering operations.

Plaintiffs further allege that the truth began to emerge on November 7, 2022, when Silvergate announced the sudden and unexplained demotion of its Chief Risk Officer, Tyler Pearson—the son-in-law of CEO Alan J. Lane.

Over the ensuing months, news continued to emerge concerning the Company's lax compliance practices, which allowed its customers to engage in large scale criminal activities, including a massive fraud at FTX and money laundering operations. Then, on January 5, 2023, the Company disclosed that the collapse of FTX led to a run on Silvergate Bank, causing its deposits to decline by \$8.1 billion, or over 68%, over the three months ending in December 2022. The complaint alleges that these disclosures caused a precipitous decline in the price of Silvergate shares.

On March 1, 2023, the Court appointed International Union of Operating Engineers, Local No. 793, Members Pension Benefit Trust of Ontario, UMC Benefit Board, Inc. and Wespeth Institutional Investments LLC, both as administrative trustees of the Wespeth Funds Trust, Indiana Public Retirement System, Boston Retirement System, and Public School Teachers' Pension & Retirement Fund of Chicago as Lead Plaintiffs and approved their selection of BLB&G as co-Lead Counsel for the Class.

Lead Plaintiffs filed the amended, operative complaint on May 11, 2023. Defendants filed their motions to dismiss the complaint on July 10, 2023, and the parties completed briefing on October 23, 2023. Judge Simmons held a hearing on Defendants' motions on November 29, 2023. Defendants' motions remained pending until they were denied as moot, without prejudice to refile, in light of the Parties' Settlement.

At the end of June 2024, the Parties held their first mediation session, in what would become extended settlement negotiations conducted through the Honorable Layn Phillips, a former federal judge and well-respected mediator. In connection with the mediation, the Parties exchanged extensive mediation statements, including as to potential damages, and Defendants provided Plaintiffs' counsel with additional financial information. During that first session, Plaintiffs and Defendants exchanged multiple offers, but a resolution was not achieved. However, the Parties continued to engage in settlement negotiations through Judge Phillips, with Defendants providing Plaintiffs further financial information over the next several months.

On September 18, 2024, Silvergate Capital filed for Chapter 11 bankruptcy protection. The Parties engaged in further negotiations in light of the bankruptcy over the next few months and ultimately agreed to a second in-person mediation session with Judge Phillips on February 6, 2025. The Parties met for a full-day session with Judge Phillips on that date and continued their negotiations. That mediation session was ultimately unsuccessful, but extensive negotiations continued over subsequent months. Finally, the Parties came to agreement on key monetary and non-monetary terms, which then culminated in a signed term sheet and, ultimately, a Stipulation of Settlement that was executed on May 9, 2025.

On May 22, 2025, the Court preliminarily approved the Settlement and authorized notice of the Settlement to be sent to potential Settlement Class Members. The Court has scheduled the final Settlement Hearing to consider whether to grant final approval to the Settlement and related matters for September 3, 2025.

## Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses ("Notice")
- Proof of Claim and Release Form ("Claim Form")
- May 22, 2025 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Notice of Settlement
- May 9, 2025 - Stipulation and Agreement of Settlement
- June 12, 2023 - [Redacted] Amended Consolidated Class Action Complaint
- June 12, 2023 - Exhibit A - [Redacted] Amended Consolidated Class Action Complaint
- January 19, 2023 - Initial Complaint
- January 19, 2023 - PSLRA Notice