

In re Synchrony Financial Securities Litigation

COURT: United States District Court for the District of Connecticut
CASE NUMBER: 3:18-cv-01818
CLASS PERIOD: 01/19/2018 - 07/12/2018
CASE LEADERS: Salvatore J. Graziano, Jeroen van Kwawegen, Adam H. Wierzbowski, Scott R. Foglietta, Jesse L. Jensen

This Action was a securities class action against Synchrony Financial ("Synchrony") and certain of its senior executives (collectively, Defendants) under Sections 10(b), 20A, and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 promulgated thereunder. The action alleged that during the Class Period, Synchrony falsely represented that its consistent and disciplined underwriting practices had led to a higher quality loan portfolio than those of its competitors, but that, in truth, Synchrony relaxed its underwriting standards and increasingly offered private-label credit cards to riskier borrowers to sustain growth.

Plaintiffs Have Settled the Action for \$34 Million

Lead Plaintiff Stichting Depositary APG Developed Markets Equity Pool ("Lead Plaintiff") and Plaintiff Stichting Depositary APG Fixed Income Credits Pool (collectively with Lead Plaintiff, "Plaintiffs"), on behalf of themselves and the Class, have settled the Action for **\$34,000,000** in cash ("Settlement"). The Settlement resolves all claims in the Action.

On July 31, 2023, the Court held a hearing to consider final approval of the Settlement and other matters. The Court entered an order approving the Settlement and Plan of Allocation and Lead Counsel's motion for attorney's fees and litigation expenses on August 4, 2023, and a final Judgment on August 7, 2023.

The Class consists of:

all persons or entities who purchased or otherwise acquired the common stock of Synchrony from January 19, 2018, through July 12, 2018, inclusive (the "Class Period"), and who were damaged thereby.

Certain persons and entities are excluded from the Class by definition (see paragraph 31 of the Notice) or if they requested exclusion pursuant to the instructions set forth in the Notice.

Please read the Notice to fully understand your rights and options. The Notice can be found in the **Case Documents** list on the right of this page. You may also visit the case website, SynchronySecuritiesLitigation.com, for more information.

Background and History of the Litigation

The Action alleges that Synchrony falsely represented that its consistent and disciplined underwriting practices had led to a higher quality loan portfolio than those of its competitors, but that, in truth, Synchrony relaxed its underwriting standards and increasingly offered private-label credit cards to riskier borrowers to sustain growth.

Plaintiffs allege that Synchrony represented that it had tightened credit standards, but falsely characterized those underwriting changes as modest. In fact, the Company had made significant modifications to its underwriting policies, but concealed that these modifications were damaging its relationships with its retail partners, including Walmart. Defendants concealed from investors that Synchrony's retail partners were pushing back on these

underwriting changes. Specifically, during Synchrony's January 19, 2018 earnings call, Defendant Keane (Synchrony's then-CEO) told investors, "We are not getting any pushback on credit."

On July 12, 2018, news broke that Walmart was considering ending its partnership with Synchrony, with media outlets reporting that Walmart "want[ed] Synchrony to approve a higher percentage of applicants" and had "aired those concerns in a meeting with Synchrony's board last year." The media also reported that day that, in late 2017, Walmart launched "for the 'first time,' a formal request for bids from other credit card issuers," and met with Capital One and Goldman Sachs in early 2018. This news contradicted Defendants' false statement and caused Synchrony's share price to fall 5.3%, to \$32.69, by the close of that day (July 12, 2018), and to continue to decline another 1.6% on the following day (July 13, 2018), closing at \$32.44.

On February 5, 2019, following the filing of a class action, the Court appointed Stichting Depositary APG Developed Markets Equity Pool as Lead Plaintiff, and BLB&G as Lead Counsel, for the Class. On April 5, 2019, Lead Plaintiff filed an Amended Class Action Complaint on behalf of a class of investors who purchased or otherwise acquired Synchrony common stock between October 21, 2016 and November 1, 2018 and in particular, alleged that the truth about Defendants' fraud was revealed to investors through a series of partial corrective disclosures.

On June 26, 2019, Defendants filed their motion to dismiss. BLB&G filed an opposition on August 21, 2019 and, on October 11, 2019, the Defendants filed their reply. On October 21, 2019, Plaintiffs filed before Judge Bolden a motion for partial modification of the PSLRA stay, seeking to obtain an unredacted copy of the complaint in Walmart's 2018 lawsuit against Synchrony. Simultaneously, Plaintiffs filed a motion in the District Court for the Western District of Arkansas, seeking to unseal Walmart's complaint. The Western District of Arkansas granted that motion on November 15, 2019, and Defendants appealed to the Eighth Circuit Court of Appeals. Defendants simultaneously moved the Western District of Arkansas and the Eighth Circuit Court of Appeals for an emergency stay of the District Court's order granting our motion to unseal pending the appeal. On December 18, 2019, the Eighth Circuit Court of Appeals granted Defendants' motion for a stay but denied Defendants' motion for an expedited appeal, holding that the appeal was stayed pending a decision by the District of Connecticut on our motion for partial modification of the PSLRA stay.

Judge Bolden held oral argument on Defendants' motion to dismiss the complaint on March 26, 2020. On March 31, 2020, he issued an order granting Defendants' motion to dismiss in its entirety and dismissing Plaintiffs' claims with prejudice. This decision also rendered moot Plaintiffs' motion for partial modification of the PSLRA stay. Judge Bolden held that the complaint failed to allege the falsity of any of the alleged false statements. Plaintiffs appealed this decision to the Second Circuit Court of Appeals, and argued the appeal on November 12, 2020. On February 16, 2021, the Second Circuit affirmed in part and reversed in part Judge Bolden's order granting Defendants' motion to dismiss.

On May 17, 2021, Defendants filed a renewed motion to dismiss the Amended Complaint. Plaintiffs filed their opposition to this motion on July 1, 2021. On August 2, 2021, Defendants filed a reply in further support of their motion to dismiss. On February 11, 2022, the Court denied Defendants' renewed motion to dismiss. The Court also ordered the parties to proceed with discovery.

On June 24, 2022, consistent with the Court's rulings, Plaintiffs moved to certify a class of investors who purchased or otherwise acquired the common stock of Synchrony from January 19, 2018 through July 12, 2018, inclusive.

Discovery in the Action commenced and continued through December 2022. The Parties continued to meet and confer as their discovery efforts continued—exchanging numerous letters concerning disputed discovery issues over several months. On August 29, 2022, the Court held a remote discovery conference and on September 26, 2022, after ruling on several additional discovery disputes, the Court extended the case schedule. Over the course of discovery, Defendants produced more than 50,000 documents to Plaintiffs, including almost 300,000 pages, and Plaintiffs' Counsel reviewed those documents on a rolling basis as Defendants produced them.

In January 2023, the Parties reached an agreement to settle the Action for \$34,000,000 for the benefit of the Class.

On February 3, 2023, the Court entered a Ruling and Order on Class Certification, which granted Plaintiffs' motion for class certification and certified the Action to proceed as a class action on behalf of a class of all persons or entities who purchased or otherwise acquired the common stock of Synchrony between January 19, 2018, and July 12, 2018, inclusive, and who were damaged thereby. The Order also appointed Lead Plaintiff as Class Representative for the Class and Bernstein Litowitz Berger & Grossmann LLP as Class Counsel.

On April 3, 2023, the Parties entered into the Stipulation and Agreement of Settlement, which sets forth the terms and conditions of the Settlement. On April 12, 2023, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement for July 31, 2023.

On July 31, 2023, the Court held the hearing to consider final approval of the Settlement and related matters. The Court entered an order approving the Settlement and Plan of Allocation and awarding attorney's fees and litigation expenses on August 4, 2023, and a final Judgment on August 7, 2023.

The claims administration concluded in June 2024. On June 24, 2024, Lead Counsel filed a Motion for Approval of Distribution Plan seeking the Court's approval to distribute the net settlement fund. The Court approved the distribution of the net settlement fund on June 25, 2024. The initial distribution of funds occurred in August 2024. Subsequent distributions will occur on a rolling basis, provided that net settlement funds are available.

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")
- June 25, 2024 - Order Approving Distribution Plan
- June 24, 2024 - Motion for Approval of Distribution Plan
- August 7, 2023 - Judgment
- August 4, 2023 - Ruling and Order Approving Class Action Settlement, Approving Plan of Allocation, and Approving Application for Attorney's Fees and Costs
- July 24 2023 - Reply Memorandum in Further Support of (A) Motion for Final Approval of Settlement and Plan of Allocation and (B) Motion for Attorneys' Fees and Litigation Expenses
- June 26, 2023 - Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation
- June 26, 2023 - Memorandum of Law in Support of Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation

- June 26, 2023 - Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- June 26, 2023 - Memorandum of Law in Support of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- June 26, 2023 - Declaration of Adam H. Wierzbowski in Support of: (A) Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation; and (B) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- April 12, 2023 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Notice of Settlement
- April 3, 2023 - Stipulation and Agreement of Settlement
- February 3, 2023 - Ruling and Order on Motion for Class Certification
- February 11, 2022 - Ruling and Order on Motion to Dismiss
- April 5, 2019 - Amended Complaint for Violations of the Securities Laws