

Hoff v. Popular, Inc. et al.

COURT: United States District Court, District of Puerto Rico
CASE NUMBER: 09-cv-01428-GAG
JUDGE: Hon. Gustavo A. Gelpi
CLASS PERIOD: 01/23/2008 - 02/19/2009
CASE CONTACTS: 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.