

## In re WorldCom, Inc. Securities Litigation

**COURT:** United States District Court, Southern District of New York  
**CASE NUMBER:** 02-cv-3288  
**JUDGE:** Hon. Denise L. Cote  
**CLASS PERIOD:** 04/29/1999 - 06/25/2002  
**CASE CONTACTS:** Max W. Berger, John C. Browne

- [Case Background](#)
- [Case Highlights](#)

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**ATTENTION:** A supplemental settlement reached with Arthur Andersen LLP in the WorldCom, Inc. Securities Litigation was approved by the Court in December 2012.

A fourth distribution of proceeds of the settlements in this action, including the proceeds of the Andersen supplemental settlement, occurred on December 20, 2013. WorldCom class members who cashed all of their prior distributions from the proceeds of the WorldCom Settlements and whose pro rata share of this distribution calculated to at least \$5.00, were eligible to receive a distribution. If your address has changed or you have questions, contact the Claims Administrator, GCG, at 866-808-3556 or [worldcominfo@gardencitygroup.com](mailto:worldcominfo@gardencitygroup.com).

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### **BLB&G and Lead Plaintiff the New York State Common Retirement Fund Recover Nearly \$6.2 Billion - Second Largest Recovery in History - for WorldCom Investors.**

This action was filed against WorldCom, the second-largest long-distance telephone company in the United States at the time, following its June 2002 revelations that it had overstated billions of dollars in earnings, admitting to booking billions in line cost expenses as capital investments - an accounting gimmick that hid expenses, inflated cash flow and allowed the Company to falsely report profits instead of losses. This improper and fraudulent accounting treatment constituted a blatant violation of Generally Accepted Accounting Principles ("GAAP"). The company subsequently filed for bankruptcy on July 21, 2002, while investors reeled from massive financial losses related to the fraud.

After nearly three years of fierce litigation and four weeks of trial before Judge Denise Cote of the United States District Court for the Southern District of New York, BLB&G and Lead Plaintiff New York State Comptroller and sole Trustee of the New York State Common Retirement Fund, recovered over \$6.15 billion in settlement monies on behalf of the investor class. An additional settlement of \$38 million was obtained in October 2012, satisfying a contingent clause inserted into the 2005 settlement agreement with Arthur Andersen entitling the class to additional future payments if Andersen ever distributed money to its former partners on certain subordinated notes.

The Class includes all investors who purchased or acquired publicly traded shares, bonds or notes of WorldCom, Inc. between April 29, 1999 and June 25, 2002.

Click [here](#) to read more about the background of the case.

**"The magnitude of this settlement is attributable in significant part to Lead Counsel's advocacy and energy..." - The Honorable Denise Cote**

Throughout the prosecution of the case, Judge Cote has frequently noted on the record the quality of BLB&G's ongoing representation of the Class. In granting her approval of the Citigroup Settlement and Plaintiffs' plan of allocation, she again praised the efforts of Lead Counsel and Lead Plaintiff:

"The quality of the representation given by Lead Counsel...has been superb...and is unsurpassed in this Court's experience with plaintiffs' counsel in securities litigation. Lead Counsel has been energetic and creative. Its negotiations with the Citigroup Defendants have resulted in a settlement of historic proportions."

"Face-to-face negotiations before Judge Sweet by [the New York State] Comptroller...in the latter stages of the settlement process greatly facilitated the settlement."

**"...Staggeringly High Settlement..." - Securities Class Action Services**

The *WorldCom* litigation has attracted an enormous amount of media attention, particularly since the Citigroup Defendants agreed to pay \$2.575 billion to settle all claims against them on May 11, 2004 - the largest third party payment ever in a securities class action settlement. When first announced to a worldwide media audience, the settlement was reported across the globe - including the front pages of both *The Wall Street Journal* and *The New York Times*. Securities Class Action Services, a firm which monitors and researches shareholder litigation, told the Dow Jones Newswires at that time: "It is a staggeringly high settlement. This has got to be a huge wake-up call for the other banks."

**Recommended Reading:**

The litigation continued to generate press, up to and after its conclusion.

- "Breaking the Banks: The Inside Story of \$6.1 Billion WorldCom Settlement" (The American Lawyer, December 2005)
- "Winning: A Good Cop/Bad Cop Strategy Scores Big" (National Law Journal, June 20, 2005)
- "The Kings of Class Actions" (BusinessWeek, May 16, 2005)
- "Taking Citi To School" (The American Lawyer, November 2004)