

In re WSB Financial Group Securities Litigation

COURT: United States District Court for the Western District of Washington
CASE NUMBER: 07-cv-1747

Action alleging violations of the federal securities laws on behalf of a class of persons and entities who purchased or acquired the common stock of WSB Financial Group, Inc. ("WSB Financial" or the "Company") pursuant to or traceable to the Company's Registration Statement and Prospectus issued in connection with the initial public offering of WSB Financial common stock on or about December 21, 2006 (the "December 2006 IPO").

On March 10, 2008, the Honorable Richard A. Jones, United States District Court Judge of the Western District of Washington, appointed the Police and Fire Retirement System of the City of Detroit ("Detroit P&F") as Lead Plaintiff and BLB&G as Lead Counsel for the Class.

The action against WSB Financial alleges that the Company, certain of its senior officers and directors, and the underwriter on the December 2006 IPO, violated the federal securities laws for their role in the Company's December 2006 IPO. While once the fastest-growing bank in the Pacific Northwest, WSB Financial raised approximately \$40.5 million through its December 2006 IPO. Just under a year later, however, the Company issued a series of disclosures beginning in September 2007 revealing the truth about the Company's irresponsible lending practices.

On October 23, 2007, WSB Financial announced that an investigation by federal and state bank regulators had determined that the Company violated certain banking laws and regulations relating to "the origination, administration and monitoring of construction and mortgage loans." This disclosure sent the price of WSB Financial stock plummeting almost 60% over a two-day period, from closing at \$11.56 on October 23, 2007 to \$4.37 per share on October 25, 2007. Subsequently, in March 2008, the Company stipulated to a Cease and Desist Order with the Federal Deposit Insurance Corporation ("FDIC") and Washington Department of Financial Institutions ("WDFI") which outlined the Company's "unsafe or unsound banking practices" and required the bank to adopt numerous measures addressing the lending and accounting practices identified in the securities action against WSB Financial.

On April 11, 2008, Lead Plaintiff Detroit P&F filed a Consolidated Class Action Complaint. On or about October 15, 2008, Lead Plaintiff and WSB entered into a settlement agreement that resolved the claims against all Defendants for a payment to the class of \$4.85 million. By Order dated March 27, 2009, the Court granted final approval of the Settlement.

Submission of a valid Proof of Claim and Release form was required in order for a Class Member to participate in the distribution of the funds recovered for the benefit of the Class.

Initial distribution checks were mailed out to Authorized Claims beginning in January 2010.

The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is closed.

Case Documents

- Notice of Pendency and Proposed Settlement
- November 21, 2008 - Order Preliminarily Approving Settlement and Providing for Notice

- April 11, 2008 - Consolidated Class Action Complaint