

# Court Grants Final Approval of \$200 Million Settlement in WellCare Securities Litigation – “Largest Federal Securities Settlement in Florida History”

May 4, 2011

The United States District Court of the Middle District of Florida has granted final approval of the settlement in the securities class action against WellCare Health Plans, Inc. ("WellCare") and its former senior executives in which the total consideration to be paid is at least \$200 million. BLB&G is the Court-appointed Co-Lead Counsel representing the Teachers' Retirement System of Louisiana, the Public School Teachers' Pension & Retirement Fund of Chicago, and the Policemen's Annuity and Benefit Fund of Chicago.

The claims in the litigation against WellCare, a private manager of Medicaid insurance plans, arise from a scheme, perpetrated by its former senior management, to misappropriate Medicaid funds in order to artificially inflate the Company's publicly-reported income.

Under the terms of the settlement, WellCare agreed to pay a total of \$87.5 million in cash and \$112.5 million in freely tradable, registration-exempt bonds with a maturity date of December 31, 2016 and a fixed coupon of 6%. WellCare further agreed to pay an additional \$25 million in cash if, at any time in the next three years, WellCare is acquired or otherwise experiences a change in control at a share price of \$30 or more after adjustments for dilution or stock splits. WellCare also agreed that, should it recover any sums from Individual Defendants Todd S. Farha, Paul Behrens, and Thaddeus Bereday, it shall pay 25% of those proceeds to the Class.

The Court hailed the settlement as an "excellent result for the class," noting that it represented the "largest federal securities settlement in Florida history and the second largest securities settlement in the Eleventh Circuit." According to the Court, "the settlement amount is remarkable since at the time of the settlement WellCare had only approximately \$150 million in unregulated funds or available cash, most of which it needed to fund its business." The Court also praised Lead Plaintiffs, whose efforts were recognized as "essential to the successful continued prosecution of the case against defendants and resulted in a significant recovery for the class."