

BLB&G Reaches \$208.5 Million Settlement in Washington Mutual, Inc. Securities Litigation

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After over three years of litigation, BLB&G, serving as Lead Counsel on behalf of Lead Plaintiff Ontario Teachers' Pension Plan Board and the Class, helped obtain a settlement with the Defendants in *In re Washington Mutual, Inc. Securities Litigation* for a total recovery for the Class of \$208.5 million. Under the terms of the settlement, \$105 million will be paid by Washington Mutual's directors and officers; \$85 million will be paid by the Underwriter Defendants, which were several large Wall Street banks that marketed and sold Washington Mutual securities during the Class Period; and \$18.5 million will be paid by Deloitte & Touche LLP, the bank's auditor.

The settlement, which is subject to court approval, represents one of the largest settlements achieved in a case related to the fallout of the financial crisis. Washington Mutual, which filed for the second largest bankruptcy in U.S. history in 2008, was once one of the nation's largest originators and servicers of residential mortgages. Plaintiffs allege that Washington Mutual, aided by the Underwriter Defendants and Deloitte misled investors into investing in Washington Mutual securities by making false statements about the nature of the company's lending business, which had been marketed as low-risk and subject to strict lending standards. According to the Complaint, Washington Mutual had in fact secretly abandoned proper standards of managing, conducting and accounting for its business, increasing its focus instead on high-risk and experimental mortgage products. When these high-risk loans failed, Washington Mutual experienced a severe drop in the value of its assets and net worth, causing significant harm to investors.