

# National Mortgage News

Thursday, May 28, 2015

---

## JPMorgan \$500M Bear Stearns Securities Deal Approved

Bloomberg News

MAY 28, 2015 9:54am ET

JPMorgan Chase & Co.'s \$500 million settlement with pension funds over Bear Stearns' sale of mortgage-backed securities was approved by a federal judge.

Bear Stearns, acquired by JPMorgan in 2008, was accused in the lawsuit of issuing \$17.6 billion in faulty mortgage-backed securities.

U.S. District Judge Laura Taylor Swain in Manhattan on Wednesday approved the settlement terms as well as the plan of allocation and \$81 million in attorney fees. She called the agreement "fair, reasonable and adequate" and "in the best interests of the class."

JPMorgan has sought to resolve a range of probes and lawsuits that mounted after the global financial crisis, culminating in 2013 with more than \$23 billion in settlements. That year, government authorities accused the nation's largest bank and companies it acquired of misleading buyers of mortgage bonds in the run-up to the housing bust.

The agreement specifies that the settlement isn't presumed to be an admission of fault or wrongdoing by the defendants.

The settlement will be allocated among a group of pension funds, led by the Public Employees' Retirement System of Mississippi and the New Jersey Carpenters Health Fund, as well as Police and Fire Retirement System of the City of Detroit and the State of Oregon.

According to the pension funds, offering documents shown to investors contained false and misleading statements about the securities, holding them out as the highest quality and with low risk.

"As a result of the untrue statements and omissions, plaintiffs and the class purchased certificates that were far riskier than represented, not of the 'best quality' and not equivalent to other investments with the same credit ratings," the group said in its complaint.

The case covered 22 offerings constructed from over 64,000 underlying mortgage loans from almost 500

originators, according to court documents.

In 2012, JPMorgan Chief Executive Officer Jamie Dimon said he did the U.S. a favor by buying Bear Stearns and that he might not go through with it again because of how much the deal ultimately cost. At the time, Dimon estimated losses tied to Bear Stearns at as much as \$10 billion.



**SOURCEMEDIA™** © 2015 SourceMedia. All rights reserved.