



NEW YORK CITY LAW DEPARTMENT
OFFICE OF THE CORPORATION COUNSEL

Michael A. Cardozo, *Corporation Counsel*

Press Release

nyc.gov/law

For Immediate Release

**NEW YORK PENSION FUNDS SETTLE COUNTRYWIDE FINANCIAL
CORPORATION LITIGATION FOR \$624 MILLION**

Contact:

- Kate O'Brien Ahlers / Connie Pankratz (NYC Law Dept), (212) 788-0400
- Robert Whalen (NYS Comptroller), 212-681-4840
- Sharon Lee (NYC Comptroller), 646-879-3289
- Jennifer Bankston (Labaton Sucharow), 212-907-0659

New York, May 7, 2010 – The New York State Common Retirement Fund and the five New York City public pension funds have announced today a proposed settlement of the Countrywide Financial Corporation Securities Class Action for \$624 million.

Under the proposed settlement, Countrywide would separately pay plaintiffs \$600 million and the accounting firm, KPMG would pay \$24 million, making the combined recovery one of the largest securities fraud settlements in U.S. history.

Labaton Sucharow LLP is lead counsel for the funds.

"It's my job to protect the interests of the Fund and the one million members who rely on its strength and security," said State Comptroller Thomas P. DiNapoli, sole trustee of the State pension fund. "This is a very good settlement that helps repair the damage Countrywide has done to our Fund and the other members of the Class. It also serves notice to the marketplace that we will vigorously protect the Fund and our members from abuse."

"Countrywide's actions have improperly enriched executives at the expense of shareholders," said City Comptroller John C. Liu, who serves as a trustee of four of the five City Public Pension Funds and is investment advisor to all five Funds. "This historic settlement sends a strong message that this behavior is unacceptable in Corporate America, and that management will be held accountable to shareholders, especially when they put self-interest before shareholders' interests."

"We are gratified to have waged this fight not only for New York City, but also for hundreds of thousands of people nationwide who suffered financial losses," said Corporation Counsel Michael A. Cardozo, chief legal officer for the City of New York and counsel to the City's pension funds. "The improper behavior of Countrywide and its senior executives put at risk the pensions that retired firefighters, police officers and teachers depend on for their livelihood."

"We are extremely pleased with this outstanding recovery for investors who incurred losses by reason of the type of conduct that we believe has adversely affected our financial system and caused widespread

damage to our economy. Countrywide's singular effort to overtake its competitors and capture a dominant share of the nation's residential loan market, was the impetus for one of the largest cases to enforce securities laws in recent years. We are very pleased with this result that will help to compensate investors," said Labaton Senior Partner Joel Bernstein.

The proposed settlement is expected to go before U.S. District Judge Mariana R. Pfaelzer of the U.S. District Court for the Central District of California for preliminary approval, after which notice will be sent to all class members and then a final approval hearing will be scheduled, most likely in September, 2010. If finally approved by Judge Pfaelzer, it will be the 13th largest securities class action settlement in the history of the Private Securities Litigation Reform Act.

The Plaintiffs had alleged that Countrywide, one of the country's largest mortgage lenders, violated securities laws by making misstatements and omitting material facts about its policies and procedures for underwriting loans that entailed greater risk than disclosed. Thus, Plaintiffs contended that Countrywide had contrary to public assurances, exposed investors to excessive, undisclosed risk.

The \$129.4 billion New York State Common Retirement Fund exists to provide benefits to the more than one million state and local government police officers, firefighters, employees, and retirees. It is the third largest public pension fund in the United States.

The New York City Pension Funds, consisting of the New York City Employees' Retirement System, New York City Teachers' Retirement System, New York City Police Pension Fund, New York City Fire Department Pension Fund, and New York City Board of Education Retirement System, serve more than 700,000 active and retired New York City employees. With approximately \$105 billion in assets, the City's funds are cumulatively one of the largest public pension funds in the United States.

Labaton Sucharow LLP, with offices in New York, New York and Wilmington, Delaware, is one of the country's premier law firms representing institutional investors in class action and complex securities litigation, as well as consumers and businesses in class actions seeking to recover damages for anticompetitive practices. The Firm has been a champion of investor and consumer rights for over 45 years, seeking recovery of current losses and necessary governance reforms to protect investors and consumers. Labaton Sucharow has been recognized for its excellence by the courts and its peers. More information about Labaton Sucharow is available at www.labaton.com

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world, ranking among the top three largest law offices in New York City and one of the largest public law offices in the country. Tracing its roots back to the 1600's, the Department has an active caseload of 90,000 matters and transactions in 17 legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The Department's 650 attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. For more information, please visit nyc.gov/law.

#