

Sjunde AP-Fonden v. DePaolo, et al.

COURT: United States District Court for the Eastern District of New York
CASE NUMBER: 1:23-cv-01921-FB-JRC
CLASS PERIOD: 04/23/2020 - 03/12/2023
CASE LEADERS: John Rizio-Hamilton, Jeremy P. Robinson
CASE TEAM: John J. Esmay, Jonathan G. D'Errico, Alexander Noble

This securities class action is filed in the U.S. District Court for the Eastern District of New York on behalf of investors in Signature Bank ("Signature" or the "Company") who purchased or otherwise acquired Signature securities between April 23, 2020 and March 12, 2023, inclusive (the "Class Period"). The case asserts securities fraud claims under Sections 10(b) and 20(a) of the Exchange Act arising from material misstatements and omissions made by Signature's executive leadership. The Honorable Frederic Block is presiding over the case.

This action arises from the assurances of Signature's executives concerning the Company's stability, liquidity, and risk management practices, including that (i) Signature has a "robust liquidity position"; and (ii) Signature "intentionally maintain[s] a high level of capital, strong liquidity profile and solid earnings ... especially during challenging times." In reality, Signature's assets were risky, unstable, and particularly vulnerable to industry volatility. For example, to attract commercial clients, Signature maintained a high percentage of uninsured deposits, which are prone to rapid withdrawal because their uninsured status means depositors may not fully recover their funds in the event of a bank failure. In addition, cryptocurrency customers comprised over 20% of Signature's deposits, which is a particularly volatile industry.

The truth about Signature's instability emerged in early March 2023, as Signature's ability to withstand unsettled banking and cryptocurrency sectors was called into question, including by investors. Depositors withdrew more than \$10 billion on or about March 10, 2023. In response, Signature's stock price dropped from \$90.76 on March 9, 2023 to \$70 intraday on March 10, 2023, at which point trading was halted. Signature collapsed into receivership shortly thereafter. Trading in Signature's stock was frozen until March 28, 2023, at which point it reopened at \$0.41 and crashed to a low of \$0.09, a decline of 99.9% from its last trading price of \$70 on March 10, 2023.

On August 10, 2023, the Court appointed Sjunde AP-Fonden ("AP7") as Lead Plaintiff and approved AP7's selection of Bernstein Litowitz Berger & Grossmann LLP and Kessler Topaz Meltzer & Check, LLP as Lead Counsel for the class.

AP7 filed an Amended Complaint on December 1, 2023. On December 5, 2023, the Federal Deposit Insurance Corporation ("FDIC"), acting as receiver for Signature, was allowed to intervene in the action to file a motion to dismiss the Amended Complaint on jurisdictional grounds. By March 1, 2024, FDIC's motion to dismiss was fully briefed by the parties and submitted to the Court. Defendants filed a separate motion to dismiss, which was fully briefed and submitted to the Court on May 24, 2024. Both motions to dismiss are sub judice.

Case Documents

- November 20, 2023 - Amended Complaint