



The New York Times | <http://nyti.ms/18qrSSQ>

BUSINESS DAY

HSBC Faces \$2.46 Billion Judgment in Securities Fraud Case

By REUTERS OCT. 17, 2013

A unit of the British bank HSBC was hit on Thursday with a record \$2.46 billion final judgment in a securities class-action lawsuit in Chicago against a lender formerly known as Household International.

The judgment, by Judge Ronald Guzman of Federal District Court, was the largest in a securities fraud class-action suit that went to a trial, according to a statement from the Robbins Geller Rudman & Dowd law firm, which represented investors.

Almost all securities fraud class-action cases settle before going to a jury.

Household International was a major mortgage lender to people with blemished credit histories, and HSBC agreed to buy it in November 2002.

The suit was filed in 2002 and accused Household International, its chief executive, chief financial officer and head of consumer lending of making false and misleading statements that inflated the company's share price.

The plaintiffs also claimed that Household artificially raised its share price by engaging in predatory lending and that it hid the quality of its loan portfolio.

When reports about Household's lending practices began to emerge in 2001, the share price sank to a seven-year low.

HSBC plans to appeal, a spokesman said, adding that the matter had been noted in the bank's regulatory filings.

In 2010, a federal jury in Manhattan found Vivendi SA liable for misleading statements to investors and damages were estimated at \$9.3 billion. However, after challenges and appeals, the vast majority of that case was dismissed.

visited on 5/22/2015

© 2015 The New York Times Company