

# Wells Fargo to Pay \$590 Million to Settle Wachovia Securities Suit

By: Debra Speyer

[www.wallstreetfraudblog.com](http://www.wallstreetfraudblog.com)

Wells Fargo & Co. has announced that it has reached a \$590 million agreement to settle claims with investors in Wachovia securities. If the settlement is approved by the court, it would be the 14th largest class-action securities settlement ever, and the largest in the credit crisis, according to Institutional Shareholder Services Inc.

The accounting firm KPMG, which was Wachovia's auditor, and which is also a listed defendant in the case, reached a separate \$37 million settlement with the plaintiffs.

The plaintiffs included a number of public agencies and pension funds, including the Orange County Employees Retirement System in California and the Louisiana Sheriff's Pension and Relief Fund.

According to the lawsuit, "Wachovia's offering materials materially and repeatedly misstated and failed to disclose the true nature and quality of Wachovia's mortgage loan portfolio, and materially misled investors as to the company's exposure to tens of billions of dollars of losses on mortgage-related assets."

Specifically, the suit focused on Wachovia's exposure to pick-a-pay loans, which the bank's offering materials referred to as having "pristine credit quality."

Pick-a-pay loans, or option-adjustable-rate mortgages, had sliding interest rates and a minimum-payment feature that wouldn't trim the loan's principal; it would raise it. The loans, made to subprime borrowers, plummeted during the financial crisis, and the bank ultimately said more than half the portfolio was impaired.

---

## About Debra Speyer

At [Wall Street Fraud](#), we are dedicated to offering assistance to those who have been hurt by improper corporate or investment practices.

If you have been the victim of stock brokerage fraud, securities fraud, mutual fund fraud, stockbroker fraud, annuities fraud, or any other type of investment fraud, please [contact us](#) today

*for a free case evaluation. Our talented and aggressive legal and professional staff is eager to help you recover your losses.*