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# Hughes Hubbard & Reed

## Settlement Reached in Alstom Case a Fraction of Damages Estimated at Outset

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Hughes Hubbard & Reed client Alstom SA has reached a settlement with plaintiffs in a long-running securities fraud class action for \$6.95 million — a tiny fraction of the potential exposure at the outset of the case, which was thought to be as much as \$4 billion.

According to the terms of the settlement, Alstom will continue to deny the plaintiffs' claims and place the money in an interest-bearing escrow account for the class, which consists of plaintiffs International Brotherhood of Electrical Workers Local 269 (Local 269). They had accused Alstom and its officers of artificially inflating stock prices. Alstom, an energy and transportation infrastructure manufacturer, is also the world's third-largest power plant maker.

Kevin Abikoff, who is leading the firm's efforts on the case, told *The American Lawyer* "Alstom has since the filing of the lawsuit continued to deny any liability or wrongdoing in connection with the allegations and has over the period of the suit consistently succeeded in its motions before the court in reducing the case to a point where we've reached a settlement that was economically justified under the circumstances."

Abikoff was also quoted on *Law360* saying, "Alstom has consistently denied any liability or wrongdoing, and we believe the settlement reflects this view."

The shrunken settlement amount can be attributed to numerous victories stemming from the first motion to dismiss that ultimately eliminated the most significant claims. The initial success was later joined by major court victories. The plaintiffs would have not only needed to have overcome these rulings but were faced with hard-hitting summary judgment motions that could have resulted in dismissal of the entire case.

First, a federal court issued a landmark ruling that narrowed the class size to 5 percent of total Alstom shareholders. Later, a district court narrowed the class size even further, leaving Local 269 as the sole lead

plaintiff.

In addition to Abikoff, Bill Stein and Clementine Foizel have worked on the case.

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