Attorneys Request $180 Million in Fees for Wells Fargo Case

A consortium of U.S. attorneys who initiated a securities fraud lawsuit against Wells Fargo & Co (WFC.N) has requested a substantial sum of $180 million in legal fees following their pivotal role in securing a $1 billion class-action settlement in May.

Leading the charge were legal teams from Cohen Milstein Sellers & Toll and Bernstein Litowitz Berger & Grossmann. These firms spearheaded the allegations that Wells Fargo had provided misleading information to shareholders regarding its efforts to recover from a series of damaging customer-related controversies.

The lawsuit unfolded in the U.S. District Court, with Judge Gregory Woods presiding over the case. Preliminary approval for the comprehensive all-cash settlement was granted in May, with a scheduled hearing set for September 8th.

See also: Federal Judge Rules Law Firm Can Pursue Two Claims Against Wells Fargo After Being Scammed Out of Nearly $84K

The terms of the settlement allowed attorneys for the plaintiffs to seek up to 19% of the settlement as legal fees. However, in a recent development, the legal representatives have approached the judge seeking approval for an 18% fee allocation and an extra $1.2 million to cover incurred costs and expenses. This request, they argue, is equitable and justifiable.

Co-lead counsel for the plaintiffs, namely Laura Posner from Cohen Milstein and John Browne from Bernstein Litowitz, have not yet issued comments in response to media requests. Conversely, a spokesperson for Wells Fargo opted to refrain from commenting on the matter.

The Wells Fargo case commenced in 2018, prompting the bank to operate under consent orders issued by multiple financial regulators, including the Federal Reserve. These orders mandated improvements in governance and oversight. Additionally, the bank found itself under the regulatory constraint of an asset cap, further limiting its growth and competitive prowess when compared to industry giants such as JPMorgan Chase & Co (JPM.N), Bank of America Corp (BAC.N), and Citigroup Inc (C.N).

Allegations made by shareholders revolved around Wells Fargo's alleged exaggeration of its compliance with these regulatory directives. As the bank's shortcomings became public knowledge, its market value experienced a staggering decline of over $54 billion in a span of two years, culminating in March 2020.

Wells Fargo, headquartered in San Francisco, staunchly denied any wrongdoing and contended in court documents that the settlement was agreed upon to alleviate the financial burden and logistical complexities of protracted litigation. The plaintiffs' legal team countered this stance in their fee request, acknowledging the formidable opposition presented by Wells Fargo's array of legal representatives from esteemed firms like Sullivan & Cromwell, Cravath, Swaine & Moore, and Shearman & Sterling.

The plaintiffs' representatives highlighted the successful navigation of the challenging legal landscape, emphasizing that they effectively litigated the claims and ultimately negotiated a settlement that greatly favored the interests of the settlement class. This assertion was conveyed in a filing submitted on a Friday.

Don't be a silent ninja! Let us know your thoughts in the comment section below.