MELAND | BUDWICK

Ocean Bank to pay $4.9M in Puig settlement

https://melandbudwick.com/2009/08/19/ocean-bank-to-pay-4-9m-in-puig-settlement/

Ocean Bank has agreed to pay $4.9 million to make a lawsuit over its lending practices go away, according to a news release issued Wednesday.

The bank had been targeted with allegations of negligence and breach of fiduciary duty connected to the $100 million implosion of Juan Puig's condo conversion company in 2007.

Creditors in the Puig bankruptcy had filed the suit.

"Ocean Bank and the Joint Committee of Unsecured Creditors have reached a settlement and each has agreed to drop all claims against the other," according to the bank's statement. "Ocean Bank will pay the committee $4,900,000 and will not pursue a claim of $500,000 against the Puig estate .... The parties will make no comment beyond this statement."

The statement said the settlement was reached to avoid the expense and disruption of bringing the case to trial.

The bank had been ordered to provide the court with 2,000 pages of its internal policies in connection with bad loans made by loan officers with strong ties to the developer, but some of those documents were to be kept under seal.

U.S. Bankruptcy Court Judge Robert Mark had ordered that the policy documents – and, thus, much of the trial – be sealed as trade secrets.

Throughout hearings in the case, the bank had said it would vigorously defend itself. In April, the bank had scored a small win by having some portions of the suit tossed out, narrowing the possibility of recovery for the committee.

The suit had alleged that bank loan officers who were friends with Puig extended the insolvency by making bad loans in 2004 and 2005. Puig was one of the first high-profile South Florida developers to succumb to the market downturn, filing personal

and business bankruptcies in 2007.

Attorney Michael Budwick, with Meland Budwick, P.A., represented the creditors committee. *Tabas, Freedman, Soloff, Miller & Brown represented the bank.*