

BFA Files Action Against Allianz on Behalf of the MTA

Javier Bleichmar and George N. Bauer of BFA filed a complaint against Allianz Global Investors (“AllianzGI”) on behalf of the New York’s Metropolitan Transportation Authority.

As alleged in the complaint, “[t]his case is about how the hard-earned pension funds of some of New York’s hardest working public employees were decimated by the negligent and imprudent mismanagement of an investment manager that failed to act as a reasonably prudent manager would act in the face of an historic market dislocation.”

Since 2008, the MTA invested nearly \$200 million in Allianz’s Structured Alpha funds. Due to AllianzGI’s negligent and imprudent trading strategies and its failure to implement adequate risk management procedures, despite its commitment to do so, the MTA lost over 90% of its \$200 million investment.

Specifically, AllianzGI consistently marketed the their Structured Alpha funds as “all-weather” funds that were “capable of generating positive returns even in adverse market conditions,” assuring investors that it would “pursue a strategy focused on hedging and risk-management.”

Instead of adhering to this strategy, when the COVID-19 pandemic struck in March, AllianzGI abandoned its strategy and increased its risky positions, taking unreasonable risks with investors’ money in an effort to generate revenue. AllianzGI’s failure cost the MTA and similar institutional investors hundreds of millions of dollars.

To read more, click on the link to the right to download BFA’s complaint.