NEWS RELEASES

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Husch Blackwell Secures $47.5 Million Settlement Agreement for TBK Bank, SSB From United States Postal Service

A Husch Blackwell litigation team secured a $47.5 million settlement agreement on behalf of TBK Bank, SSB in a four-year long lawsuit against the United States Postal Service.

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The matter, which involved several issues of first impression at the United States Court of Federal Claims, arose out of TBK Bank advancing funds to private mail transportation contractors to enable continued mail delivery during a particularly busy season for the Postal Service in the second half of 2020. In the litigation, TBK Bank sought approximately $63.3 million in funds that the carriers assigned to TBK Bank pursuant to factoring agreements. The assignments were executed—and initially recognized by USPS—on approximately 300 separate transportation contracts. The $63.3 million included amounts advanced by TBK Bank in the summer of 2020 and amounts that had previously been advanced by the factoring division of a prior lender that TBK Bank purchased in 2020.

In its complaint, TBK Bank alleged breach of contract by USPS when it unilaterally cancelled all of TBK Bank's assignments and subsequently issued more than $200 million in direct payments to the carrier contractors, who were ultimately unable to repay amounts owed to TBK Bank. The Postal Service unilaterally cancelled the assignments after having already paid TBK Bank millions of dollars after later concluding that TBK Bank's notices of assignment to the Postal Service did not qualify as proper "instruments of assignment."

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After four years of litigation and prior to trial which was scheduled to start later this year at the United States Court of Federal Claims, the parties agreed to settle the matter with USPS paying TBK Bank $47.5 million.

Led by partner Michael Schrier and senior counsel Eric Singley, the Husch Blackwell team also included attorneys Brian Waagner, Leah Kaiser, and Ruth El.

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