

Susman Godfrey LLP Wins Landmark Trial Over \$1 Billion of Mortgage-Backed Securities

NEW YORK (February 6, 2013) – Federal Judge Jed S. Rakoff in Manhattan ruled on February 5th that Flagstar Bank has to pay bond insurer Assured Guaranty Ltd. approximately \$90 million plus contractual interest and attorneys’ fees and costs in a case involving breach of contract by the originator and sponsor of residential mortgage-backed securities. This amount was substantially all of the damages sought by Assured Guaranty in the first case of its kind to go to trial.

“We are thrilled with Judge Rakoff’s landmark ruling in favor of our client Assured Guaranty,” said Jacob W. Buchdahl, a partner in the New York office of Susman Godfrey LLP and Assured Guaranty lead counsel. “This ruling is a significant milestone in forcing the banks to honor the contractual commitments they made and have long sought to avoid. Susman Godfrey was honored by the trust Assured Guaranty placed in us to handle this important case at trial.”

Assured Guaranty filed suit in 2011 against Flagstar Bank in which it claimed the loans underlying nearly \$1 billion in mortgage-backed securities did not comply with the representations and warranties made by Flagstar Bank. Susman Godfrey’s legal team established an important precedent both in the use of loan sampling and a damages model based on Flagstar Bank’s obligation to repurchase loans.

Assured Guaranty was represented at trial by Jacob W. Buchdahl and Arun Subramanian of Susman Godfrey’s New York office, and Warren Burns and Joseph Portera of the firm’s Dallas office.

The case is Assured Guaranty Municipal Corp v Flagstar Bank, FSB in U.S. District Court for the Southern District of New York, No. 11-2375.

About Susman Godfrey

For more than 30 years, Susman Godfrey has focused its nationally-recognized practice on just one thing: high-stakes commercial litigation. It is one of the nation’s leading litigation law firms with offices in Houston, Dallas, Seattle, Los Angeles and New York.

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