



AMERICAN
BANKRUPTCY
INSTITUTE

The Subprime Meltdown from an Insolvency Litigation Perspective

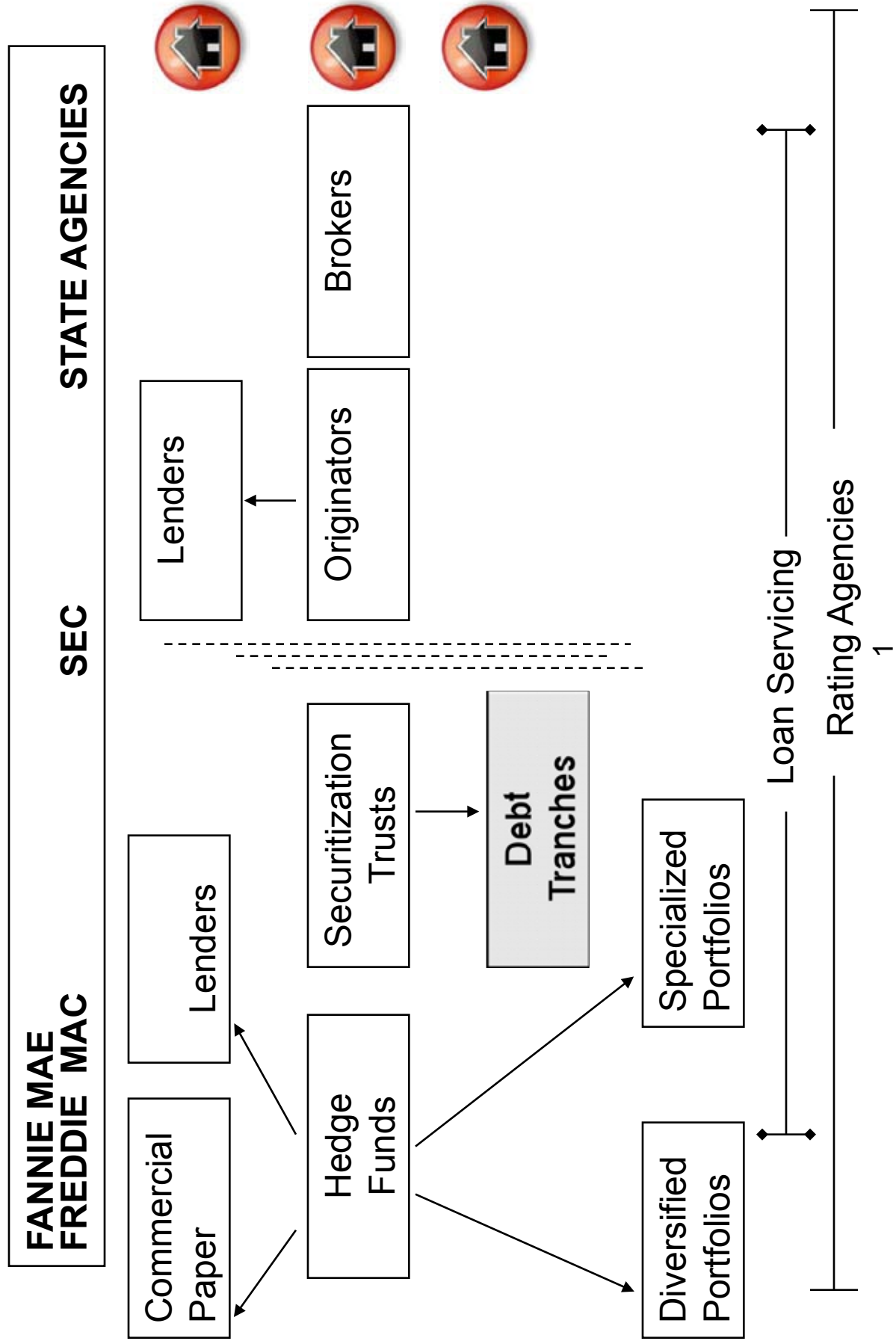
James D. McCarthy, Moderator
Diamond McCarthy LLP; Dallas

Hon. Robert N. Kwan
U.S. Bankruptcy Court (C.D. Cal.); Santa Ana

Larry Lattig
Mesirow Financial Consulting, LLC; Dallas

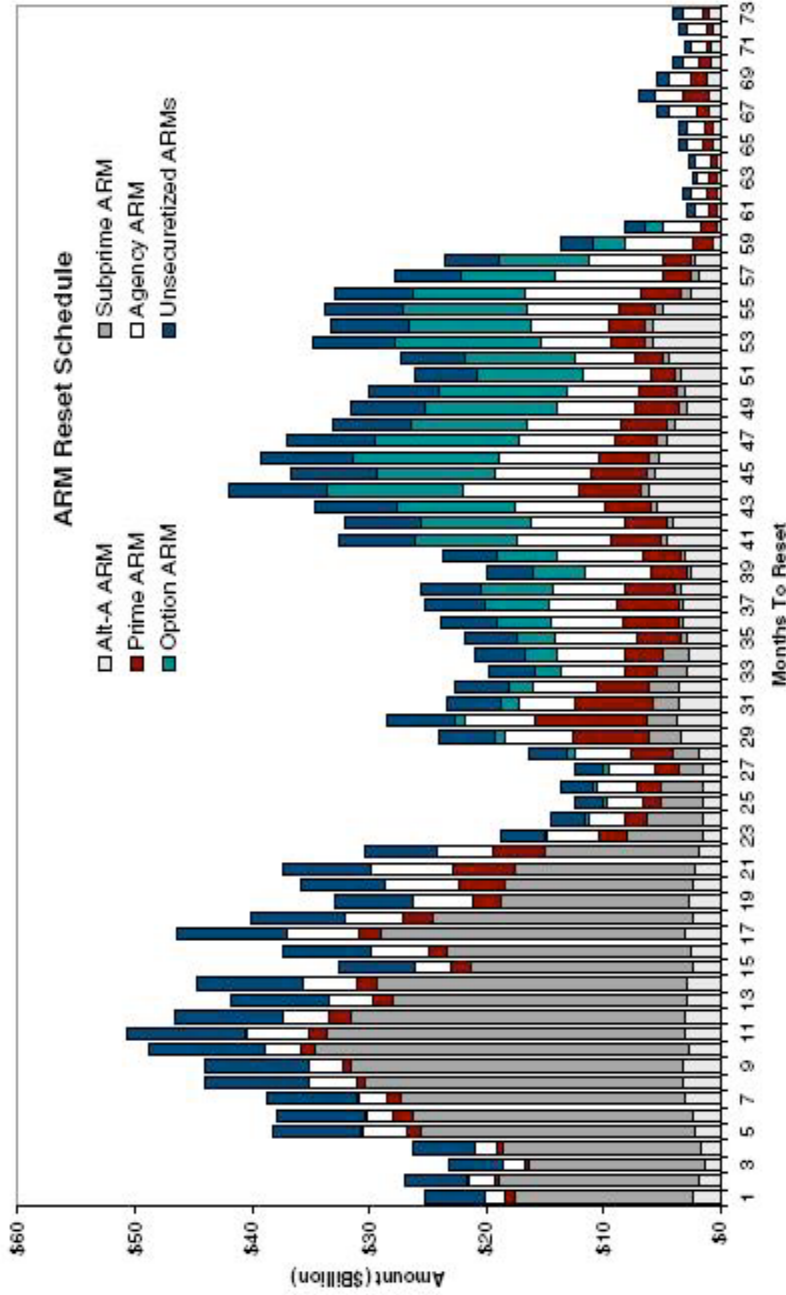
Samuel Newman
Gibson, Dunn & Crutcher LLP; Los Angeles

CAPITAL MARKETS AT WORK



The left axis starts at January 2007:

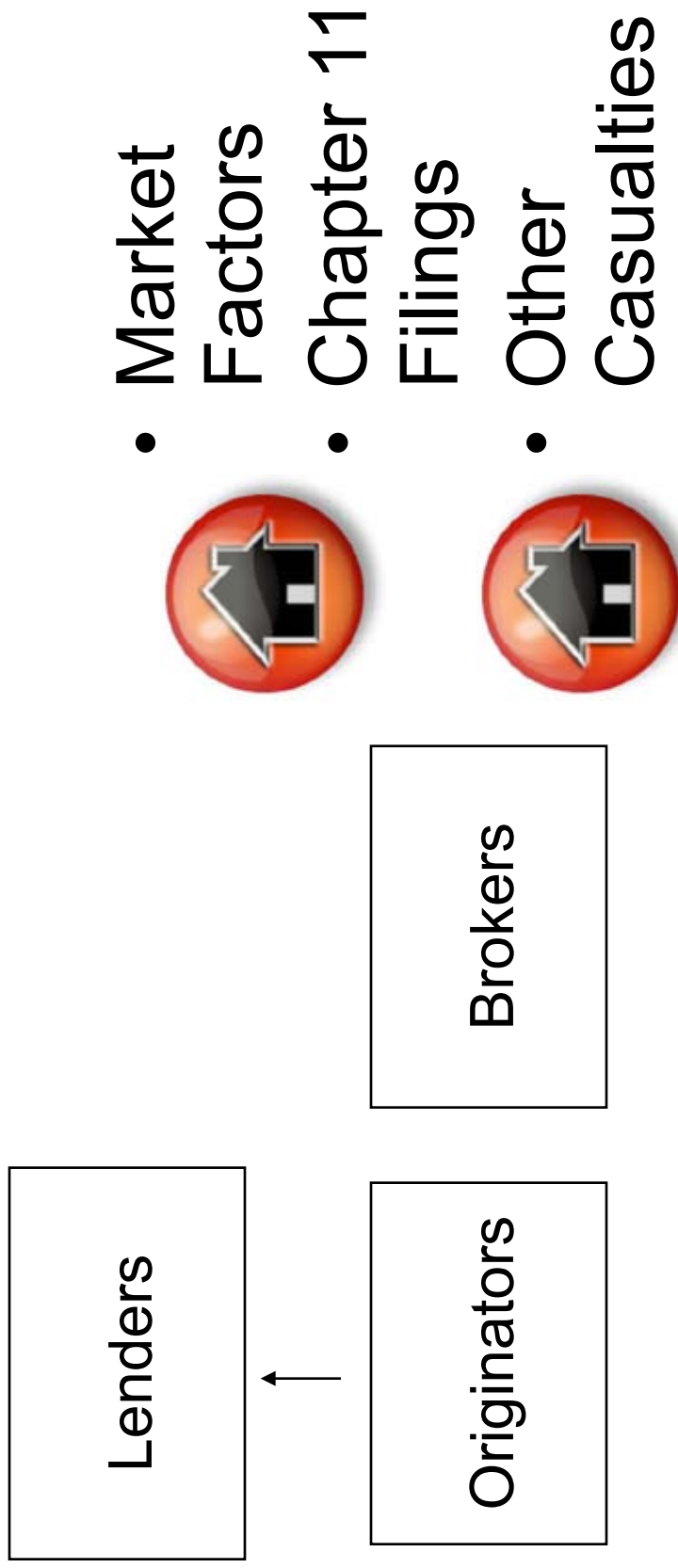
Exhibit 42: Adjustable Rate Mortgage Reset Schedule



Note: Data as of January 2007.
 Source: Credit Suisse Fixed Income U.S. Mortgage Strategy



First Wave



First Wave

- Market Factors
 - Increasing Borrower Defaults
 - ARM Reset; Refinancing Risks;
Housing Pricing Decline
 - Market To Market Funding
 - Repurchase Claims

First Wave

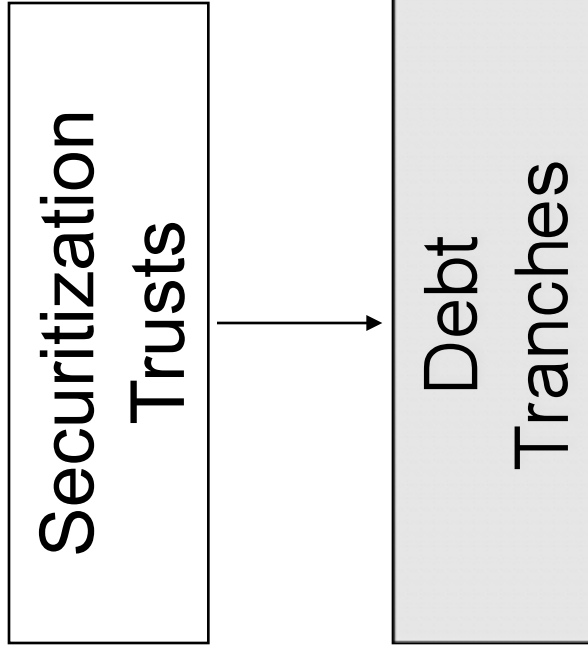
- Chapter 11 Filings --
Examples
 - USA Commercial Mortgage Co. (4/13/06)
 - Ownit Mortgage (12/28/06)
 - Mortgage Lenders Network (2/5/07)
 - ResMAE (2/12/07)
 - People’s Choice (3/20/07)
 - New Century (4/2/07)
 - Quality Home Loans (8/21/07)
 - First Magnus Financial Corp. (8/21/07)
 - Spectrum Financial Group (8/28/07)
 - HomeBanc
 - INDYMAC
 - MORE and More

* 145 Mortgage Lenders reported to have “imploded” – [www.http://ml-implode.com](http://ml-implode.com) (last visited September 5, 2007).

First Wave

- Other Casualties
 - Capital One – shuts down mortgage business
 - Countrywide – \$11.5B unsecured line, BofA buys \$2.0B of preferred stock and eventually the company
 - Accredited Home – suspension of retail lending
 - Lehman – closes sub prime unit
 - Thornburg Mortgage – \$20B of mortgages sold - \$930M loss; sells \$500M of convertible preferred stock
 - Option One – stops lending, possible sale of servicing
 - Ameriquet Mortgage – completes sale to Citigroup
 - And the hits keep coming₆

Second Wave



- **Market**
- **Factors**
- **Examples**

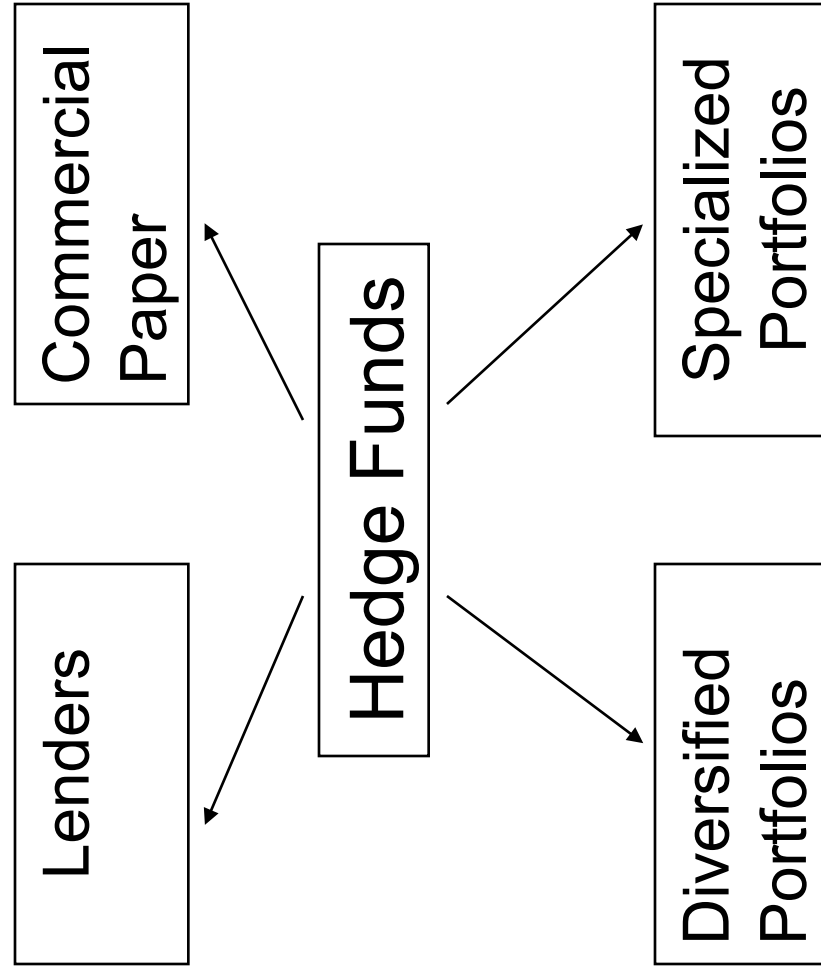
Second Wave

- Market Factors
 - Rating Agencies
 - Underwriting Pressures
 - Decreasing Demand for CLO and CDO Paper

Second Wave

- Examples
 - HSBC - writes down mortgage portfolio (3/07)
 - Congressional Hearings; Federal Initiatives; State Initiatives
 - Rating Agencies Scrutinized
 - Bear Stearns
 - Lehman
 - UBS
 - Your home price

Third Wave



- Market
- Factors
- Examples

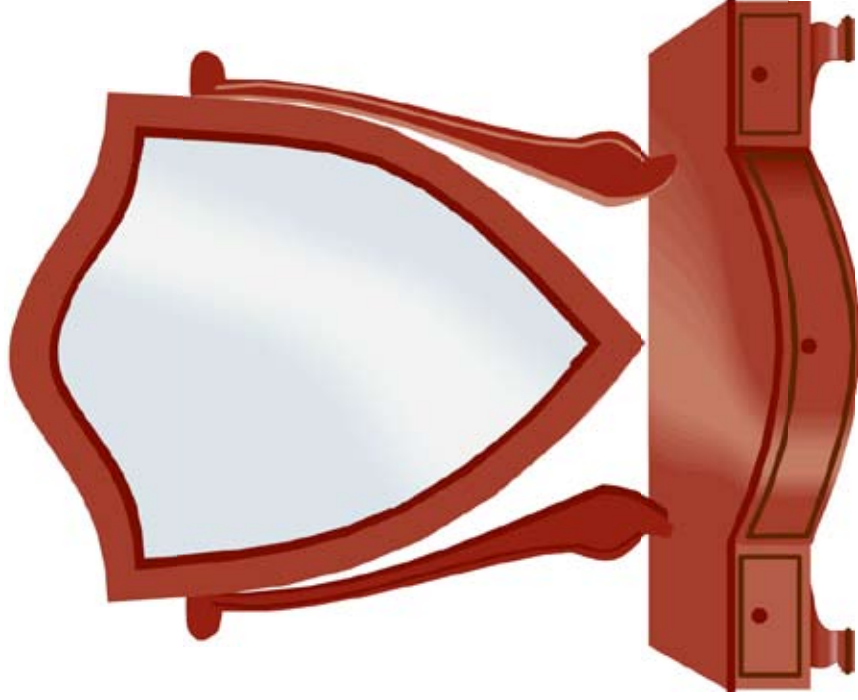
Third Wave

- **Market Factors**
 - Increase in redemption
 - Inability to value mortgage backed securities
 - Liquidity Crisis

Third Wave

- **Examples**
 - Hedge Fund Bankruptcies
 - International Liquidity Crisis
 - Reduction In Fed Discount Rate. . . . IndyMac

Through The Looking Glass



- Last Person Standing
- Financial Netting
- Improvements Act
- Litigation

EMERGING SUBPRIME LITIGATION

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Presented in Connection with Panel Discussion of “The Subprime Meltdown From An Insolvency Litigation Perspective” (16th Annual Southwest Bankruptcy Conference in Las Vegas, Nevada, September 4-6, 2008)

NB: Several of the attachments hereto have been provided by Dr. Faten Sabry of NERA Economic Consulting’s New York Office. Of course, nothing herein reflects NERA’s views on these subjects.

EMERGING SUBPRIME LITIGATION

I. **INTRODUCTION.** The thesis here is that the subprime crisis, because of its own distinctive characteristics, will generate litigation that is equally distinctive. The nature of that litigation is only beginning to emerge.

II. **THE KEY FEATURES OF THE SUBPRIME CRISIS FROM A LITIGATION PERSPECTIVE.**

A. **A NEW WORLD OF FINANCIAL ENGINEERING.**

1. The Traditional Lending Model.
2. The New World of Securitization.

B. **A “SUDDEN” ONSET?**

1. Early Warning Signs.
 - a. Fed funds and mortgage rates rising, 2004-2006.
 - b. Home prices leveling off, beginning to fall:
 - (1) In major markets in 2005-2006.
 - (2) National home prices peak April/June, 2006.
 - c. Indenture of homes rising.
 - d. Delinquency rates and foreclosures increasing rapidly in 2006.
 - e. Subprime loans rising and becoming increasingly eccentric (2001 to 2006).
 - f. First of the large subprime lender bankruptcies in late 2006 and early 2007.
 - a. Ownit Mortgage Solutions (12/28/06).
 - b. Mortgage Lenders Network USA, Inc. (2/5/07).
 - c. ResMae Mortgage Corp. (2/12/07).
 - d. Peoples Choice Home Loan, Inc. (3/20/07).

- e. New Century Financial Corporation (4/2/07).¹
 - g. June, 2007 – Crisis in Bear Stearns hedge funds, as they cannot meet margin calls.
2. August, 2007 – Greater Public Awakening to Subprime Problems.
- a. The collapse and bankruptcy (7/31/07) of two Bear Stearns fixed income hedge funds (June-July, 2007).
 - b. The declaration by BNP-Paribas that it was freezing activity in three subprime-holding hedge funds because it could not “fairly value those hedge funds’ holdings.” (August 7, 2007). Interesting . . .
 - c. The increasingly bad news coming from Countrywide Financial Corp., the largest subprime lender in the U.S. (by 8/23/07 Bank Of America had to sink \$2 Billion into Countrywide to keep it afloat and quell bankruptcy rumors).
3. Since August, 2007.

C. DIFFERENT VICTIMS.

- 1. Victims At The Intake Point – Victims of Improper Lending Practices.
- 2. Post-Securitization Victims – Buyers of Securitized Assets.
 - a. Investment Banks.
 - b. Commercial Banks (FDIC).
 - c. Insurance Companies.
 - d. Pension Funds (PBGIC).
 - e. Hedge Funds.
 - f. Mutual Funds.
 - g. Wealthy Individuals.

¹ New Century was then the nation’s largest subprime lender.

- h. Note that these buyers-victims are:
 - (1) Inside and Outside the U.S.; and
 - (2) Capable of Spreading the Damage.
- 3. Victims Within The Securitizing Middle? E.g.,
 - a. Insurers as Victims?
 - b. Rating Agencies as Victims?
 - c. Warehousing Banks as Victims?
- 4. Subprime Participants and Their Creditors May Be Injured By Their Insiders.

D. A WIDE RANGE OF POTENTIAL VILLAINS.

- 1. At The Intake Point – Anyone Associated With Improper Mortgage Origination
- 2. In the Securitizing Middle – Which Drove the Process.
 - a. Underwriters/Mortgage Packagers.
 - b. Financial Advisors to Underwriters.
 - c. Accountants/Auditors.
 - d. Lawyers.
 - e. Credit Insurers.
 - f. Rating Agencies.
- 3. In Downstream Distribution – Anyone Associated With The Placement And Sale Of Mortgage Backed Securities.
- 4. Those who (Illegitimately) Siphoned Huge Amounts of Cash Out of the System.

III. THE EVOLVING WORLD OF SUBPRIME LITIGATION.

A. SUBPRIME-RELATED BANKRUPTCIES

1. Chronology of Filing 2006-2008.²
2. Venues, 2006-2008.
3. Nature of Filings.

B. CRIMINAL LITIGATION.

1. Investigations everywhere.
2. Indictments – a few so far.
3. Trials in the distance.
4. Criminal law focus is on the mortgage origination end of the subprime conveyor belt.

C. NON-BANKRUPTCY CIVIL LITIGATION.

1. General Profile
2. Private Litigation
 - a. Claims Regarding Mortgage Originations.
 - (1) Regulatory Actions.
 - (2) Borrower/Consumer Actions.
 - (3) Public Nuisance Suits By Governmental Entities (Mostly Cities).
 - b. Shareholder Class Actions.
 - c. Shareholder Derivative Actions.
 - d. Actions By Purchasers Of Securitized Instruments Backed, In Whole Or In Part, By Subprime Mortgages Or Other Subprime Assets.
 - e. Auction Rate Securities Actions.

² Note that few if any of these bankruptcies were total surprises. Most had shown at least some warning signs (diminished ratings by rating agencies, bank covenant violations or defaults, cut or cancelled dividends, qualified auditor opinions, a decline in the market value of the company's public debt) before the bankruptcy filing.

- f. ERISA Actions.
 - g. Actions Regarding Subprime-Related Obligations (e.g., Repurchase Or Insurance Contracts).
 - h. Miscellaneous.
3. Public (*e.g.*, SEC, AG Litigation)

D. BANKRUPTCY LITIGATION

- 1. Nature of Subprime Bankruptcy Litigation Uncertain.
 - a. Still Emerging in Subprime Lender Bankruptcies.
 - b. Relatively Little (so far) By Buyer-Victims of Subprime Lending/Securitization Practices.
 - c. But Lively Practice in Foreclosure/Lift Stay Actions in Borrower Bankruptcies.
 - d. Major Constraint: Not Much Money in Subprime Bankruptcy Estates.
 - (1) More in the Earlier Estates.
 - (2) Result is Low Level of Funding for Post-Confirmation Liquidation and/or Litigation Trusts.
 - (a) Reduces Prospects for Litigation.
 - (b) The Litigation That Does Occur May Have to be Funded, Wholly or Partially:
 - (1) From Collections in Other Actions (Avoidance, Preference, Contract, Etc.).
 - (2) On a Contingency Fee Basis.
- 2. By The Injured Estate
 - a. Trustees
 - (1) Ch. 7
 - (2) Ch. 11

- (3) Overwhelmingly by Post-Confirmation Litigation and/or Liquidation Trustees
 - b. Debtors
 - c. Creditors' Committees
- 3. Against The Injured Estate
 - a. Securities Class Actions.
 - b. Lender Liability Actions.
 - c. WARN Lawsuits.
 - d. Contract Actions, e.g., under Repurchase Agreements.
 - e. Problem for all Claimants: Low Asset Value of Many Subprime-Related Bankruptcy Estates. Litigation Assets may be the Only Assets to Monetize.
- 4. Against Traditional Targets.
 - a. D&O's.
 - (1) Great cash flows to D&O's during glory years.
 - (2) D&O coverage – zero to a great deal of coverage (but watch out for evasive action by D&O insurers).
 - b. Professionals.
 - (1) Attorneys.
 - (2) Accountants-Auditors.
 - (3) Financial Advisors.
 - c. Parties Owing Contractual Obligations To Estate.
 - d. Preference Actions.
 - e. Avoidance Actions.

E. SUBPRIME LITIGATION IS AND WILL BE DIFFERENT.

- 1. Extremely Powerful, Well Funded Defendants (With A Large Defense Bar Ready And Waiting to Serve)

2. But Also (In Some Non-Bankruptcy Cases) Extremely Powerful Well-Funded Plaintiffs. (With a Much Smaller Plaintiffs Bar Ready To Serve).
3. But Conflicts (Legal and Business) Will Preclude Many Law Firms From Participating.
 - a. Conflicts On Both The Plaintiff and Defense Sides
 - b. A Potential Rash Of Counterclaims, Third-Party Claims and Cross-Claims Will Only Add To The Conflict Difficulties
4. Many Of These Cases Will Be Extremely Complex and Novel.
 - a. Document Intensive.
 - b. Expert Intensive.
 - c. Lawyer Intensive.
 - d. Numerous Types Of New Claims Will Be Asserted And Standard Claims Will Be Applied In New Ways.
 - e. Veritable Fog Of Defenses.
 - (1) Contract/Disclaimer Based Defenses.
 - (2) Causation And Intervening Causation Defenses (“Everybody But Me” Was At Fault).
 - (3) Comparative Responsibility Defenses.
 - (4) Lack of “Proximate Cause”.
 - (a) The Collateral Damage from the Subprime Crisis is Huge.
 - (b) How far will liability extend?
 - (5) The Usual Recently – Enhanced Defenses to Securities Claims.
 - (a) “Loss Causation”
 - (b) Scientific Atlanta
 - (6) “Surprised” By Credit Crisis . . .

5. Key Issue: Establishing Defendants' Level Of Knowledge At The Relevant Times.
 - a. What They Knew or Should Have Known as They Made Their Representations.
 - b. What They Did Not Know When They Made Their Representations.
6. Potentially More International Elements (As A Result Of The International Marketing Of Subprime Products).
7. Due To Huge Valuation Problems, Potentially Complicated Damages Issues.
 - a. What is the value of a home and the mortgage today?
 - b. What is the value of a package of hundreds or thousands of mortgages or Mortgage-backed Securities?³
 - c. What is the value of a slice (tranche) of that package of mortgage backed-securities?

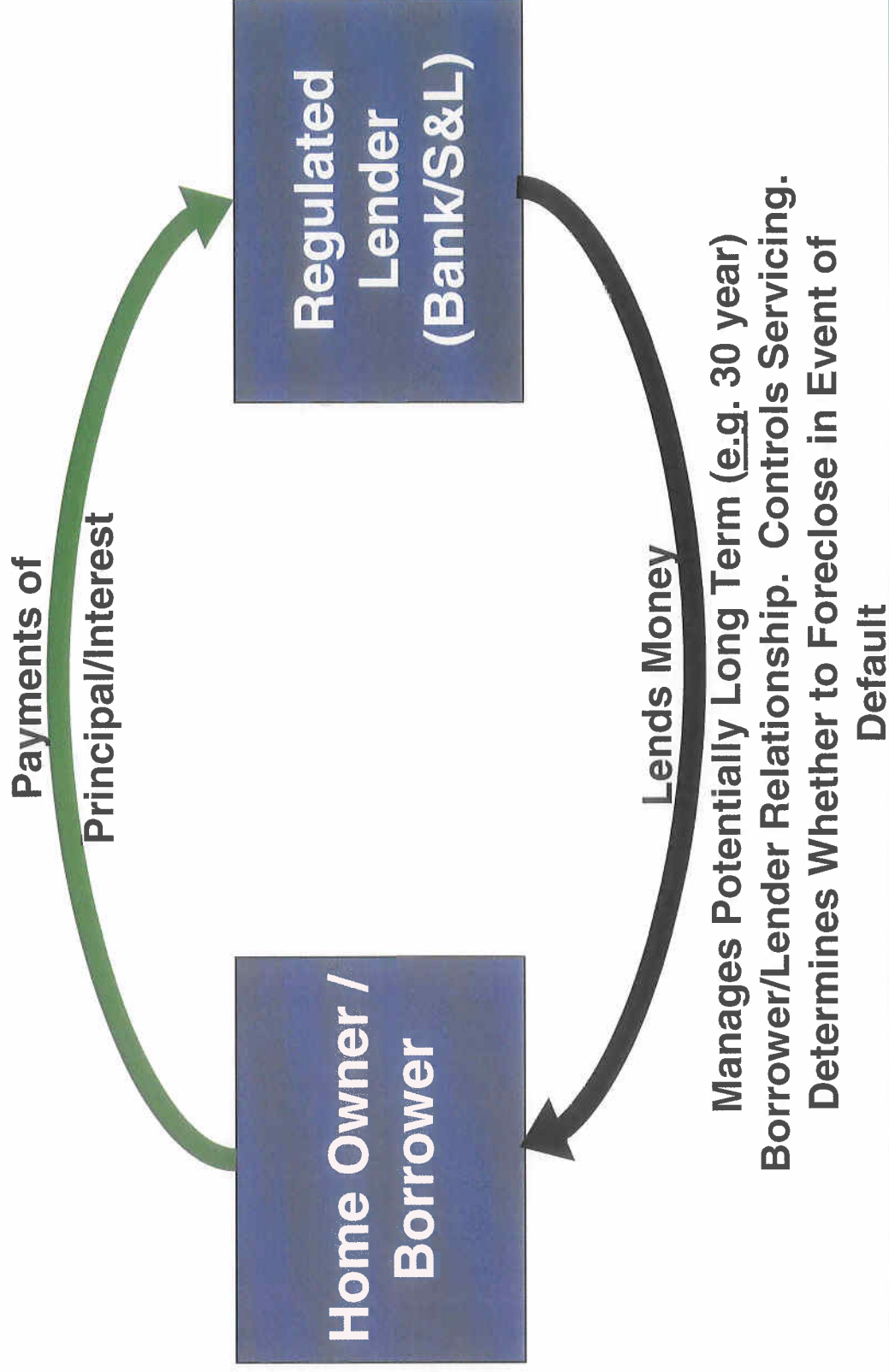
IV. CONCLUSION.

³ In July, Merrill Lynch sold \$31 billion of CDO's at \$.22 on the dollar, and the terms of that deal make cause Merrill to realize less than that.

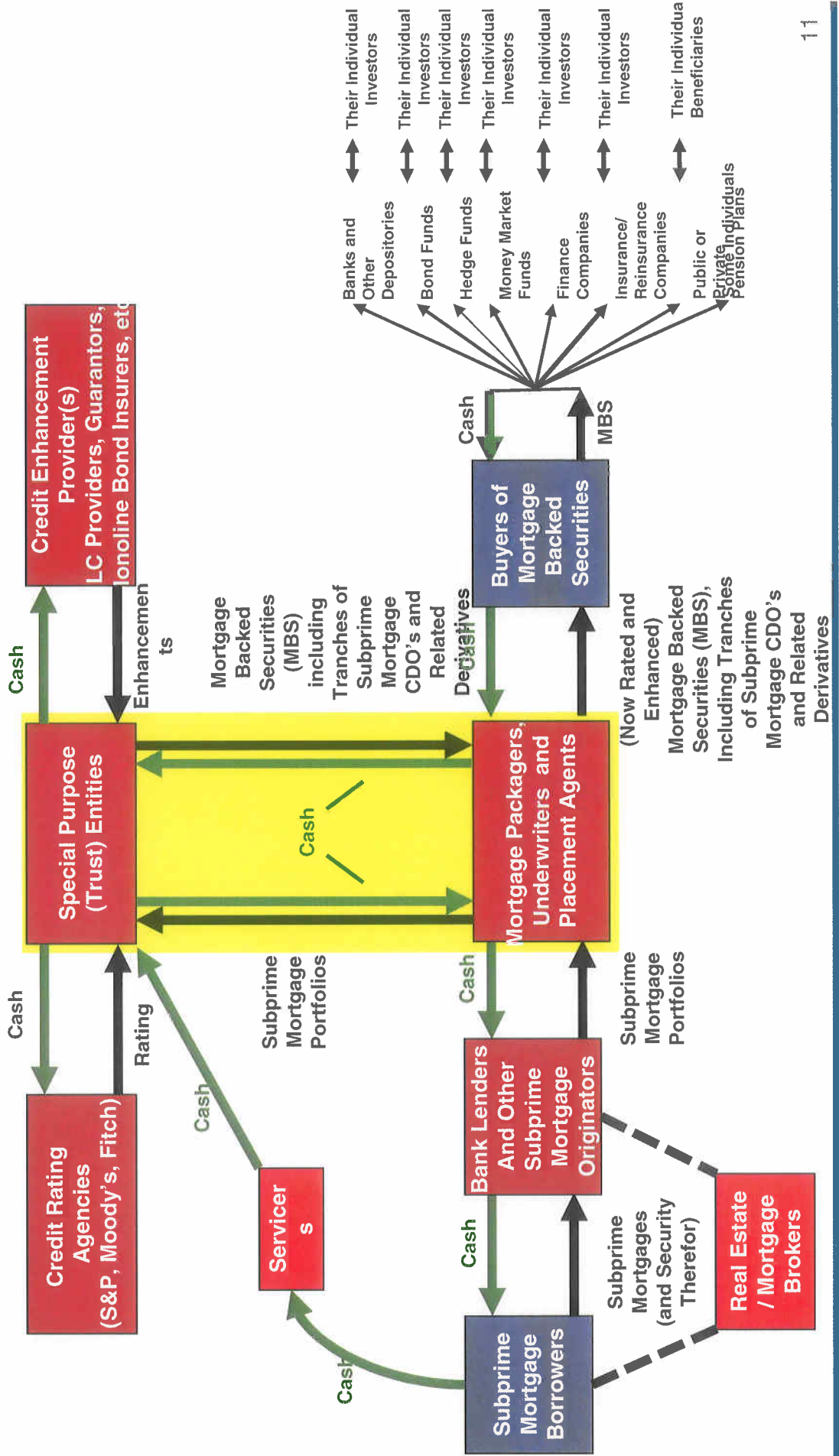
Traditional Mortgage Lending (Subprime or Otherwise)



DIAMOND MCCARTHY LLP
Attorneys & Counselors



Subprime Mortgage Securitization



Writedowns league table



Published: May 13 2008 18:04 | Last updated: August 13 2008 12:57

The following table lists the asset writedowns and credit losses announced since the beginning of 2007 at some of the world's biggest banks

Subprime losses by bank

	Company	Total writedowns and credit losses since Jan 2007 (\$bn)
1	Citigroup	55.1
2	Merrill Lynch	51.8
3	UBS	44.2
4	HSBC	27.4
5	Wachovia	22.5
6	Bank of America	21.2
7	IKB Deutsche	15.3
8	Washington Mutual	14.8
9	Royal Bank of Scotland	14.7
10	Morgan Stanley	14.4
11	JPMorgan Chase	14.3
12	Deutsche Bank	10.7
13	Credit Suisse	10.5
14	Wells Fargo	10
15	Barclays	9
16	Lehman Brothers	8.2
17	Crédit Agricole	7.9
18	Fortis	7.4
19	HBOS	7
20	Société Générale	6.8
21	Bayerische Landesbank	6.4
22	Canadian Imperial Bank of Commerce	6.2
23	Mizuho Financial Group	5.9
24	ING Groep	5.8
	Worldwide	500.5

Source: Bloomberg (As of August 13, 2008)

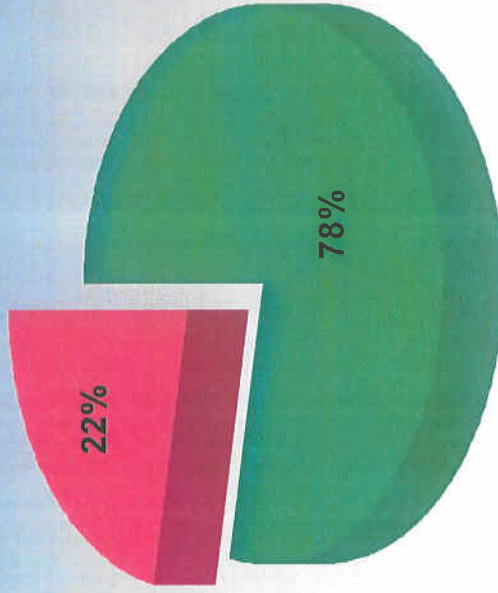
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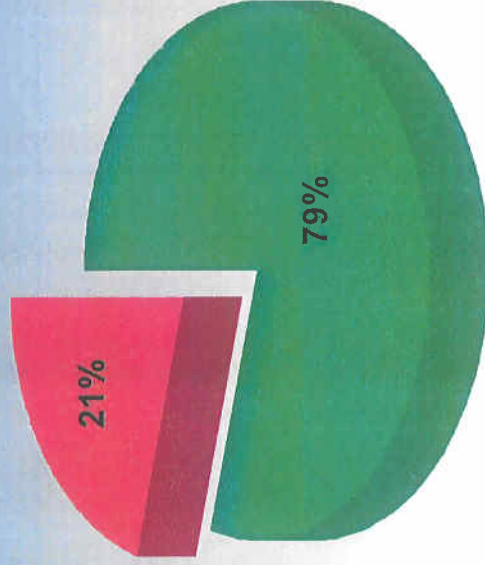
Majority of the Write-downs Are Related to CDOs

Total Write-Downs

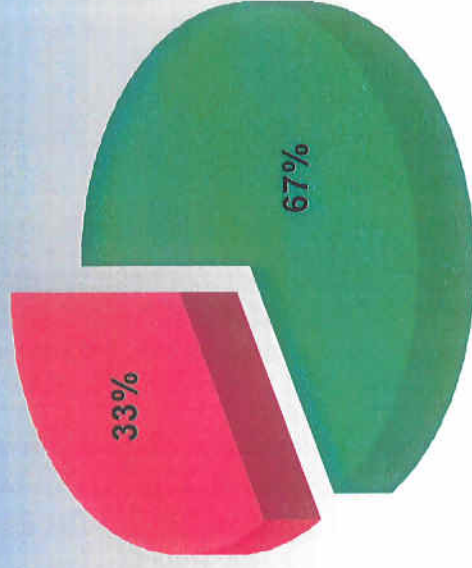
Citigroup



Merrill Lynch



UBS



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Failed Bank List

The FDIC is often appointed as receiver for failed banks. This page contains useful information for the customers and vendors of these banks. This includes information on the acquiring bank (if applicable), how your accounts and loans are affected, and how vendors can file claims against the receivership.

This list includes banks which have failed since October 1, 2000.

Bank Name	Closing Date	Updated Date
Integrity Bank, Alpharetta, GA	August 29, 2008	August 29, 2008
The Columbian Bank and Trust, Topeka, KS	August 22, 2008	August 22, 2008
First Priority Bank, Bradenton, FL	August 1, 2008	August 1, 2008
First Heritage Bank, NA, Newport Beach, CA	July 25, 2008	July 25, 2008
First National Bank of Nevada, Reno, NV	July 25, 2008	July 25, 2008
IndyMac Bank, Pasadena, CA	July 11, 2008	July 11, 2008
First Integrity Bank, NA, Staples, MN	May 30, 2008	July 25, 2008
ANB Financial, NA, Bentonville, AR	May 9, 2008	July 25, 2008
Hume Bank, Hume, MO	March 7, 2008	July 25, 2008
Douglass National Bank, Kansas City, MO	January 25, 2008	July 25, 2008
Miami Valley Bank, Lakeview, OH	October 4, 2007	July 25, 2008
NetBank, Alpharetta, GA	September 28, 2007	July 25, 2008
Metropolitan Savings Bank, Pittsburgh, PA	February 2, 2007	July 25, 2008
Bank of Ephraim, Ephraim, UT	June 25, 2004	April 9, 2008
Reliance Bank, White Plains, NY	March 19, 2004	April 9, 2008
Guaranty National Bank of Tallahassee, Tallahassee, FL	March 12, 2004	July 25, 2008
Dollar Savings Bank, Newark, NJ	February 14, 2004	April 9, 2008
Pulaski Savings Bank, Philadelphia, PA	November 14, 2003	July 22, 2005
The First National Bank of Blanchardville, Blanchardville, WI	May 9, 2003	July 25, 2008
Southern Pacific Bank, Torrance, CA	February 7, 2003	July 25, 2008
The Farmers Bank of Cheneyville, Cheneyville, LA	December 17, 2002	October 20, 2004
The Bank of Alamo, Alamo, TN	November 8, 2002	March 18, 2005
AmTrade International Bank of Georgia, Atlanta, GA	September 30, 2002	September 11, 2006
AmTrade International Bank of Georgia, Atlanta, GA Spanish Version	September 30, 2002	September 11, 2006
Universal Federal Savings Bank, Chicago, IL	June 27, 2002	April 9, 2008
Connecticut Bank of Commerce, Stamford, CT	June 26, 2002	July 25, 2008
New Century Bank, Shelby Township, MI	March 28, 2002	March 18, 2005
Net 1st National Bank, Boca Raton, FL	March 1, 2002	April 9, 2008
NextBank, N.A., Phoenix, AZ	February 7, 2002	July 25, 2008
Oakwood Deposit Bank Company, Oakwood, OH	February 1, 2002	July 25, 2008
Bank of Sierra Blanca, Sierra Blanca, TX	January 18, 2002	November 6, 2003
Hamilton Bank, N.A., Miami, FL Spanish Version	January 11, 2002	July 25, 2008
Sinclair National Bank, Gravette, AR	September 7, 2001	February 10, 2004

Superior Bank, FSB, Hinsdale, IL	July 27, 2001	July 25, 2008
The Malta National Bank, Malta, OH	May 3, 2001	November 18, 2002
First Alliance Bank & Trust Company, Manchester, NH	February 2, 2001	February 18, 2003
National State Bank of Metropolis, Metropolis, IL	December 14, 2000	March 17, 2005
Bank of Honolulu, Honolulu, HI	October 13, 2000	March 17, 2005

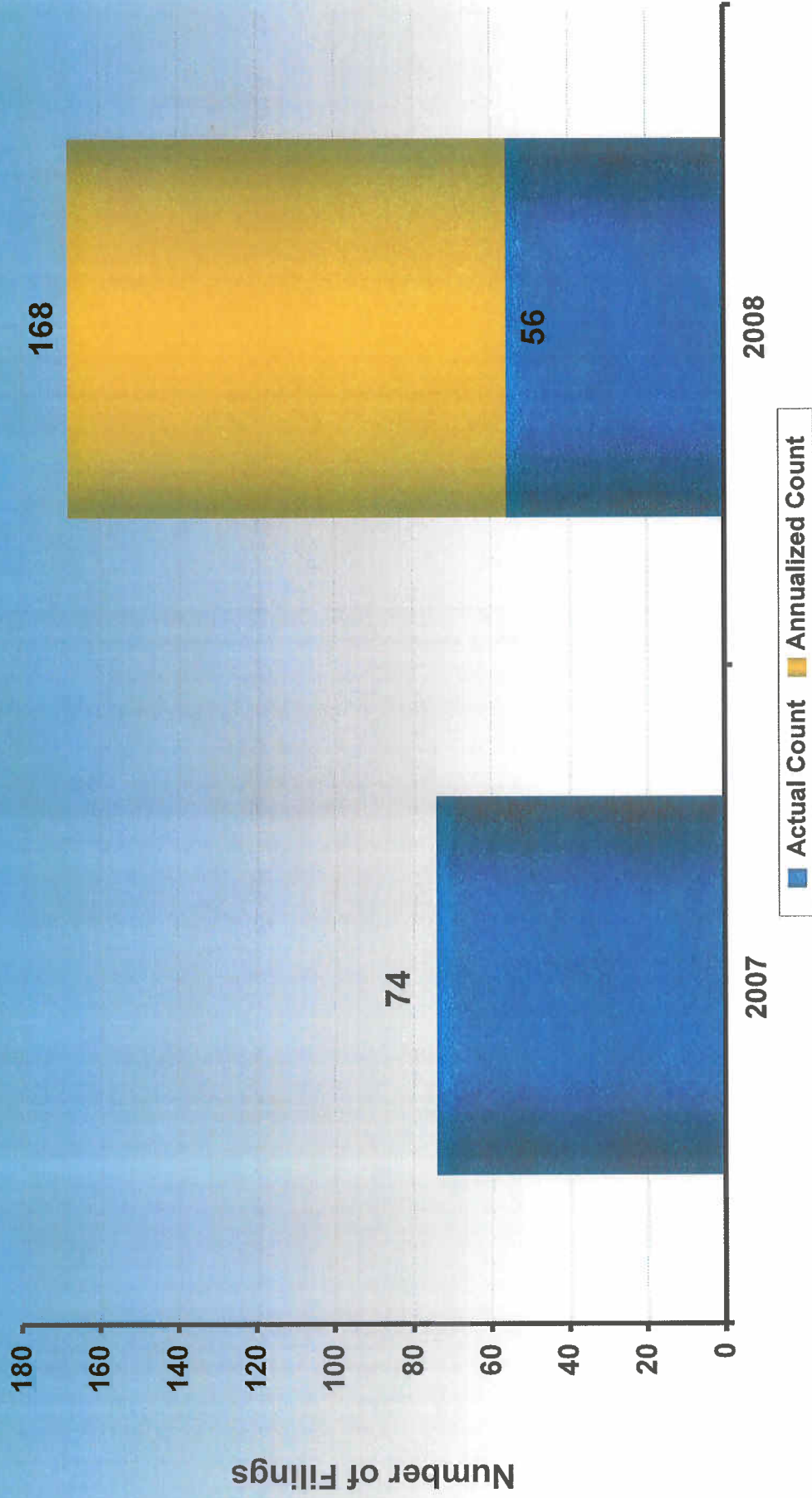
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[Customer Service](#)

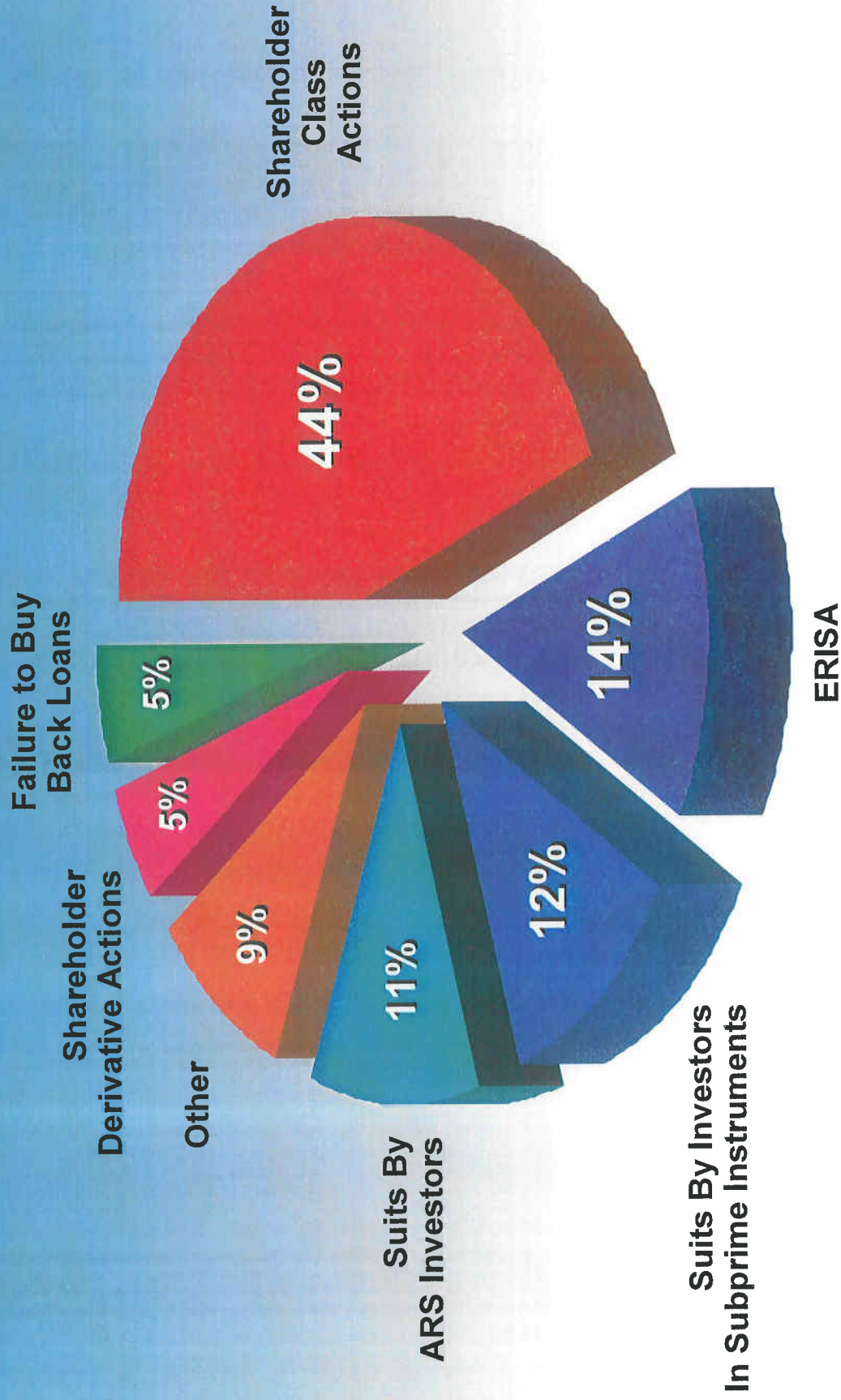
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Subprime-Related Securities Filings By Year

January 2007 – April 2008



Subprime-Related Securities Filings By Type of Case



CURRENT MAJOR SUBPRIME BANKRUPTCIES¹

DEBTOR	DEBTOR'S COUNSEL	DATE FILED	CH. 11/ CH. 7/ OTHER	COURT
Fremont General Corporation (of Brea, CA)	Theodore B. Stolman, Scott Yun (Stutman, Treister & Giatt PC – Los Angeles, CA); Robert W. Jones, J. Maxwell Tucker (Patton Boggs LLP – Dallas, TX)	7/2/08	Ch. 11	Bnkr. C.D. Cal. (Santa Ana) (Erithe A. Smith)
BF West, LLC (of Fort Lauderdale, FL)	Eyel Berger, Michael D. Seese (Kluger, Peretz, Kaplan & Berlin, P.L. – Miami, FL)	4/8/08	Ch. 11	Bnkr. S.D. Fla. (Ft. Lauderdale) (Raymond B. Ray)
TOUSA, Inc. (of Miami, FL)	Paul S. Singerman (Berger Singerman – Miami, FL)	2/6/08	Ch. 11	Bnkr. S.D. Fla. (West Palm Beach) (John K. Olson)
First NLC Financial Services (of Boca Raton, FL)	Arthur J. Spector, Esq. (Ft. Lauderdale, FL)	1/8/08	Ch. 11	Bnkr. S.D. Fla. (West Palm Beach) (Paul G. Hyman, Jr.)
NetBank (of Atlanta, GA)	Alan M. Weiss (Holland & Knight LLP – Jacksonville, FL)	12/24/07	Ch. 11	Bnkr. M.D. Fla. (Tampa) (Jerry A. Funk)
Delta Financial Corporation (of Woodbury, NY)	David B. Stratton, James C. Carignan (Pepper Hamilton	8/25/07	Ch. 11	Bnkr. D. Del. (Christopher S. Sontchi)

¹ Of course, many other very problematic subprime lenders, or similar entities, did not go into bankruptcy because they were acquired or secured refinancing.

DEBTOR	DEBTOR'S COUNSEL	DATE FILED	CH. 11/ CH. 7/ OTHER	COURT
	LLP – Wilmington, DE)			
First Magnus Financial Corp. (of Tuscon, AZ)	John R. Clemency, Todd A. Burgess (Greenberg Traurig LLP – Phoenix, AZ)	8/25/07	Ch. 11	Bnkr. D. Ariz. (Tucson) (James M. Marlar)
Quality Home Loans (of Agoura Hills, CA)	Mike D. Neue (Irell & Manella – Newport Beach, CA)	8/21/07	Ch. 11	Bnkr. C.D. Cal. (Santa Ana) (Geraldine Mund)
Aegis Mortgage Corp. (of Houston, TX)	Curtis A. Hehn, James E. O'Neill, Laura Davis Jones, Timothy P. Calms (Pachulski Stang Ziehl Young Jones & Wein – Wilmington, DE)	8/20/07	Ch. 11	Bnkr. D. Del. (Brendan Linehan Shannon)
Homebanc (of Atlanta, GA)	Joel A. Waite (Young, Conaway, Stargatt & Taylor – Wilmington, DE)	8/20/07	Ch. 11	Bnkr. D. Del. (Kevin J. Carey)

DEBTOR	DEBTOR'S COUNSEL	DATE FILED	CH. 11/ CH. 7/ OTHER	COURT
American Home Mortgage Holdings (of Melville, NY)	Edward J. Kosmowski, Edwin J. Harrin, Joel A. Waite, Kara Hammond Coyle, Kenneth J. Enos, Matthew Barry Lunn, Pauline K. Morgan, Robert S. Brady (Young, Conaway, Stargatt & Taylor – Wilmington, DE)	8/6/07	Ch. 11	Bnkr. D. Del. (Christopher S. Sontchi)
Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. (of George Town, Grand Cayman, Cayman Islands)	Fred S. Hodara (Akin Gump Strauss Hauer & Feld, LLP – New York, NY)	7/31/07	Ch. 15 (Cayman Islands Liquidation)	Bnkr. S.D.N.Y. (Burton R. Lifland)
Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd. (of George Town, Grand Cayman, Cayman Islands)	Fred S. Hodara (Akin Gump Strauss Hauer & Feld, LLP – New York, NY)	7/31/07	Ch. 15 (Cayman Islands Liquidation)	Bnkr. S.D.N.Y. (Burton R. Lifland)
People's Choice Home Loan, Inc. (of Los Angeles, CA)	Chun I. Jang, Mark D. Collins, Michael Joseph Merchant (Richards, Layton & Finger, PA – Wilmington, DE); F. Curt Kirschner, Laine Mervis, Alexandra Diaz-Almaral (O'Melveny Myers – San Francisco, CA)	3/20/07	Ch. 11	Bnkr. C.D. Cal. (Santa Ana) (Robert Kwan)

DEBTOR	DEBTOR'S COUNSEL	DATE FILED	CH. 11/ CH. 7/ OTHER	COURT
New Century Financial Corp. (of Irvine, CA)	J. Rudy Freeman, James KT Hunter, Jeffrey W. Dulberg, Jeremy V. Richards, Robert M. Saunders, Scott E. McFarland (Pachulski Stang Ziehl Young Jones & Wein – Wilmington, DE)	4/2/07	Ch. 11	Bnkr. D. Del. (Kevin J. Carey)
ResMae Mortgage Corp (of Brea, CA).	Daniel J. DeFranceschi, Lee E. Kaufman, Mark D. Collins, Mark A. Kurtz, Michael J. Merchant (Richards, Layton & Finger, PA – Wilmington, DE); Douglas D. Hermann (Skadden Arps Slate Meagher & Flom LLP – Wilmington, DE)	3/19/07	Ch. 11	Bnkr. D. Del. (Kevin J. Carey)
Mortgage Lenders Network USA, Inc (of Middletown, CT).	Curtis A. Hehn, James E. O'Neill, John S. Burson, Laura D. Jones (Pachulski Stang Ziehl Young Jones & Wein – Wilmington, DE)	3/19/07	Ch. 11	Bnkr. D. Del. (Peter J. Walsh)

DEBTOR	DEBTOR'S COUNSEL	DATE FILED	CH. 11/ CH. 7/ OTHER	COURT
Ownit Mortgage Solutions, Inc. (of Agoura Hills, CA)	Johnathan J. Kim, Linda F. Cantor, Scotta E. McFarland ((Pachulski Stang Ziehl Young Jones & Wein – Los Angeles, CA)	3/19/07	Ch. 11	Bnkr. C.D. Cal. (San Fernando Valley) (Kathleen Thompson)