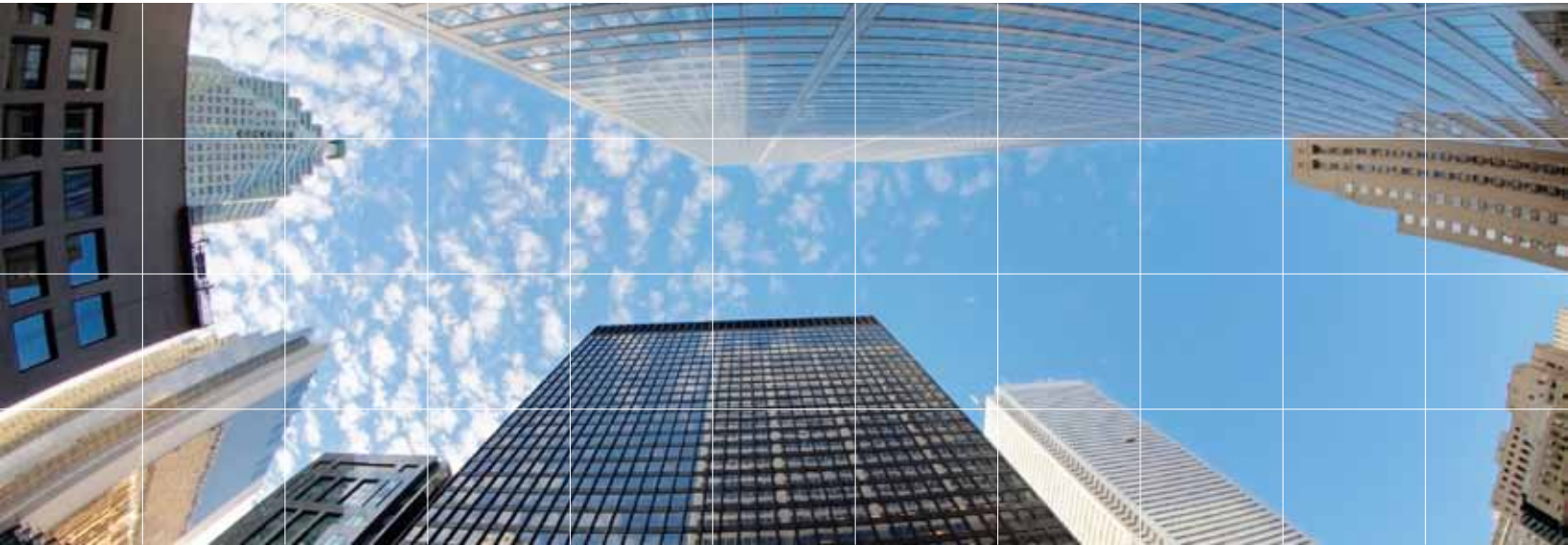




One Firm Worldwide<sup>SM</sup>



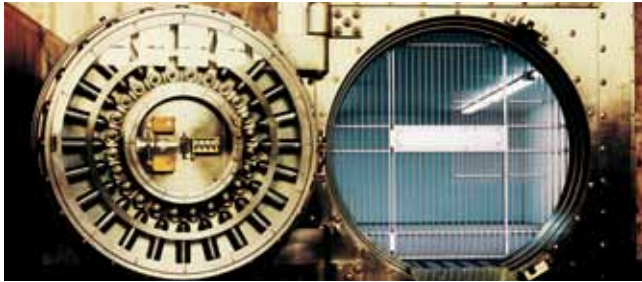
## FINANCIAL INSTITUTIONS LITIGATION & REGULATION

Today's complex global financial markets require a swift, strategic, and multidisciplinary approach to addressing financial institutions' short- and long-term priorities. Jones Day has an integrated team positioned around the globe that can help clients assess their risks and design a broad geographic and functional plan to address the most pressing issues. Long before the term "credit crisis" appeared in the headlines, Jones Day was handling the transactional intricacies of sophisticated bank products, including CDOs and CDSs, along with the related litigation for leading financial institutions in the U.S., Europe, and Asia. We have brought together that litigation, regulation, and transactional experience in a single Financial Institutions Litigation & Regulation Practice that combines long-standing strengths of our Firm. Today our worldwide team is positioned to respond to litigation,

assess legal risks related to financial products as well as acquisitions and mergers, prepare for and close new capital-raising opportunities, and advise on the new regulatory environment.

### FINANCIAL PRODUCTS LITIGATION

Our financial products litigation team can draw on more than 75 litigators Firmwide, many with previous high-level experience as regulators and prosecutors, and all with experience defending financial institutions in securities fraud, class action, shareholder derivative, and regulatory litigation involving complex investment vehicles. Because our lawyers understand the complexities of regulated and unregulated securities and bank products, we are unsurpassed at



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representing financial institution clients when these products are involved in litigation. Our understanding of the underlying investments and their structure means that we can move quickly to assess risk and prepare positions that lay the foundation for effective resolution at trial or in negotiation. Long before the current credit market turmoil, we were advising financial clients on the risks of litigation involving structured products and asset-backed securities and working with them to mitigate these risks by revising documentation and sales practices. This planning has been critical to the successful defense of financial institutions and their officers and directors, particularly in claims of fraud or misrepresentation associated with the distribution of bank products.

## FINANCIAL TRANSACTIONS

Our financial transaction team has advised banks and other financial institutions for the better part of a century. We offer seasoned advice to clients as they seek to purchase, restructure, or sell securitized assets, pools of nonperforming loans, and other financial assets throughout the U.S., Europe, and Asia. Our lawyers offer guidance on clients’ efforts to raise additional equity or sell mortgage portfolios, and we handle contractual disputes as well as major restructuring efforts. Our depth of experience in restructuring and insolvency matters has helped our clients maximize recovery values and preserve viable businesses and investments. Clients also turn to Jones Day for help with the purchase and sale of distressed financial businesses affected by the credit crisis.

## FINANCIAL INSTITUTIONS REGULATION

Our global financial regulatory team uses its in-depth knowledge of the global financial regulatory structure to help clients devise practical and creative solutions to the challenges of legislative and regulatory change. Financial institutions around the world rely on us to advise them on emerging legal proposals and trends, regulatory compliance, potential enforcement proceedings, legislative initiatives, and other areas of strategic risk. We help large, globally active financial service firms, as well as smaller, domestically focused companies, anticipate and manage the ways that changing legal and regulatory standards affect their business opportunities, operational costs, and

risk exposure. Jones Day's cross-border capabilities and our integrated-practice approach enable us to provide creative and comprehensive solutions to the complex problems of multinational transactions. We help clients assess new ventures and structure and expand their operations to maximize business opportunities while minimizing legal, regulatory, and reputation risk. Our global capabilities enable us to facilitate in multiple jurisdictions regulatory approvals of mergers, divestitures, and asset acquisitions. We are also positioned to defend in multiple jurisdictions any litigation that may arise from such transactions.

## SELECTED FINANCIAL INSTITUTIONS LITIGATION & REGULATION ENGAGEMENTS

Jones Day's experience in financial institution-related litigation, transactions, and regulation is extensive:

- Defended Citibank and other defendants in two of the earliest decisions involving CDO claims:
  - After suffering losses in its investment in income notes issued by a CDO, the Netherlands' SNS Bank filed a claim alleging breach of contract, breach of fiduciary duty, and unjust enrichment. Jones Day obtained a full dismissal of all claims against all defendants without having to engage in any discovery. In so doing, we established that CDO investors were owed no fiduciary duty by the underwriter/sponsor, could not recover on a theory of negligent misrepresentation, and lacked third-party-beneficiary standing to seek recovery under various ancillary CDO documents.
  - In a second CDO litigation, Jones Day prevailed against a Portuguese investment bank, Banco Espírito Santo de Investimento. The financial instruments and allegations involved were similar to those in the SNS claim, although they focused on alleged oral representations and omissions rather than the documentation that governed the securities. Again, Jones Day obtained a dismissal of claims by then Chief Judge Mukasey, which was affirmed in its entirety by the Second Circuit on appeal. As in the SNS claim, the decision rejected the notion of any special or fiduciary duties owed by underwriters/sponsors to CDO investors.
- Represented H&R Block in the \$1.1 billion sale of its Option One Mortgage Corporation subsidiary's mortgage loan servicing business—a sale of a subprime mortgage operation in the midst of industry turmoil that presented a number of significant challenges, including allocating responsibility for historic obligations and contingent liabilities, as well as crafting closing conditions that were appropriate for the turmoil in the subprime mortgage industry. This closing came after a 2007 attempt to sell the business to another private equity firm failed as the result of the volatile industry conditions.
- Advised Financial Guaranty Insurance Company (FGIC) in a transaction that reinsured FGIC's risk under financial guaranty policies covering \$166 billion in par value of public finance obligations. This was one of the largest and most notable reinsurance transactions in history. The transaction was driven and overseen by the New York State Insurance Department (NYID), which made it clear that, following downgrades of FGIC's insurer ratings due to the credit crisis, the company would be placed in rehabilitation, the insurance equivalent of receivership, if it did not raise new capital quickly. After concluding with FGIC's financial advisors that a reinsurance transaction was the best way to recapitalize FGIC, Jones Day worked with counsel to the NYID to construct a process involving policyholders' notice and opportunity to be heard and the invocation of the statutory powers of the NYID to eliminate the risk of fraudulent conveyance or voidable preference claims. This process has been described as a "model process" and is likely to be used by other insurance regulators in the future.
- Represented WL Ross & Co. with respect to its \$1.0 billion pending investment in reinsurer Assured Guaranty Ltd.
- Represented a multibank holding company in its sale of approximately \$3.0 billion in subprime mortgage loans to a prominent financial services company and approximately \$750 million in subprime mortgage loans to a major U.S.-based holder of mortgage loans.
- Advising JPMorgan Chase Bank in ongoing work regarding FDIC receivership issues in connection with the acquisition of 2,600 branches from WaMu in the largest bank failure in American financial history.
- Advising various banks and companies in connection with the Madoff bankruptcy.
- Advising approximately 40 healthcare organizations replacing their auction-rate securities with more stable long-term financing.

## ADDITIONAL INFORMATION

For more information on our Financial Institutions Litigation & Regulation Practice, please contact your principal Jones Day representative or one of the lawyers listed in this publication. General email messages may be sent using our "Contact Us" form, which can be found at [www.jonesday.com](http://www.jonesday.com).

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## JONES DAY GLOBAL LOCATIONS

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ATLANTA

BEIJING

BRUSSELS

CHICAGO

CLEVELAND

COLUMBUS

DALLAS

DUBAI

FRANKFURT

HONG KONG

HOUSTON

IRVINE

LONDON

LOS ANGELES

MADRID

MEXICO CITY

MILAN

MOSCOW

MUNICH

NEW DELHI

NEW YORK

PARIS

PITTSBURGH

SAN DIEGO

SAN FRANCISCO

SHANGHAI

SILICON VALLEY

SINGAPORE

SYDNEY

TAIPEI

TOKYO

WASHINGTON