



PRESS RELEASE

Federal Deposit Insurance Corporation • Each depositor insured to at least \$250,000

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FDIC Announces \$62.95 million Settlement with Morgan Stanley Related to RMBS Claims

The Federal Deposit Insurance Corporation (FDIC), as receiver for three failed banks, today announced a \$62.95 million settlement of residential mortgage-backed securities (RMBS) claims against Morgan Stanley & Company LLC.

The settlement funds will be distributed among the receiverships for the three failed banks – Colonial Bank of Montgomery, Alabama, which failed on August 14, 2009; Security Savings Bank of Henderson, Nevada, which failed on February 27, 2009; and United Western Bank of Denver, Colorado, which failed on January 21, 2011. Along with \$24 million from a settlement with Morgan Stanley last year of RMBS claims related to Franklin Bank, S.S.B., of Houston, Texas, which failed on November 7, 2008, this settlement brings total RMBS claim settlements by the FDIC with Morgan Stanley to \$86.95 million.

This settlement resolves federal and state securities law claims based on misrepresentations in the offering documents for 14 RMBS purchased by the three failed banks. As receiver for failed financial institutions, the FDIC may sue professionals and entities whose conduct resulted in losses to those institutions in order to maximize recoveries. The FDIC as receiver for the three failed banks filed four lawsuits from February 2012 to January 2014 against Morgan Stanley and other defendants for violations of federal and state securities laws in connection with the sale of RMBS to the three failed banks.

As of December 31, 2015, the FDIC has filed 19 RMBS lawsuits on behalf of eight failed institutions, including the four lawsuits against Morgan Stanley, seeking damages for violations of federal and state securities laws. This settlement, which resolves all of the FDIC's RMBS claims against Morgan Stanley that were brought in those lawsuits, was reached in coordination with the U.S. Department of Justice.

Attachments:

[Morgan Stanley & Company LLC; Colonial Bank; Security Savings Bank; United Western Bank](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 6,270 as of September 30, 2015. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-7-2016

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