

MassMutual, RBS Strike Deal In \$235M Crisis-Era MBS Suit

By **Kat Greene**

Law360, Los Angeles (August 12, 2016, 10:54 PM ET) -- Massachusetts Mutual Life Insurance Co. has struck a deal to end a long-running suit accusing RBS Securities Inc. of misrepresenting \$235 million in sales of mortgage-backed securities, the latest in a string of settlements for the insurer over crisis-era woes, according to a filing posted Friday.

MassMutual and RBS asked the Massachusetts federal judge overseeing the case to dismiss the suit, saying they had reached a confidential settlement that would wrap up all the claims against RBS and its related assets and products companies, according to their joint motion on Friday.

The parties didn't disclose the terms of the deal.

"Pursuant to a confidential settlement agreement, the parties have agreed that the action and all claims asserted in the action shall be dismissed with prejudice, with each party bearing its own costs and attorneys' fees," they wrote in the joint motion to dismiss.

MassMutual has reached accords with several major players in the financial world, tying up the ends in suits it filed in 2011 alleging some of the world's largest banks lied about the quality of the residential mortgage loans that backed the securities the banks sold to the insurer.

In March, MassMutual said it had reached a deal with Barclays Capital Inc. in a similarly confidential arrangement to end claims over \$175 million of RMBS. Before that, in October, JPMorgan Chase & Co. inked a deal to escape claims over \$2.3 billion in investments.

Court filings indicate that units of HSBC Bank PLC, Bank of America Corp., UBS and Deutsche Bank AG have also settled. Credit Suisse Group Inc. and Goldman Sachs Group Inc. are still fighting the case, according to docket entries in the group of related cases.

In the RBS complaint, MassMutual alleged the company had misrepresented the details of the mortgage loans that backed the securities RBS Financial Products Inc. — then operating as Greenwich Capital Financial Products Inc. — sold to MassMutual between May 2005 and September 2007.

The suit accused the defendants, referred to collectively as Greenwich in the complaint, of falsely claiming the mortgage loans behind the securities were underwritten using prudent standards. Without access to the mortgage loan documents, MassMutual relied on the defendants for information, the insurer said.

MassMutual accused Greenwich, which began operating under the RBS name in April 2009, of purchasing mortgage loans that borrowers were unlikely to pay back in order to collect a large volume of low-quality loans to securitize and sell to investors.

Representatives for the parties didn't immediately respond to requests for comment after business hours on Friday.

MassMutual is represented by Steven J. Nachtwey of Bartlit Beck Herman Palenchar & Scott LLP and John J. Egan of Egan Flanagan & Cohen PC.

RBS is represented by Kathy B. Weinman and Azure Abuirmeileh of Collora LLP and Thomas C. Rice, David J. Woll and Alan Turner of Simpson Thacher & Bartlett LLP.

The case is Massachusetts Mutual Life Insurance Co. v. RBS Financial Products Inc. et al., case number 3:11-cv-30044, in U.S. District Court for the District of Massachusetts.

--Additional reporting by Cara Salvatore, Carmen Germaine and Stewart Bishop. Editing by Philip Shea.