

# CSFI

## CENTRE FOR THE STUDY OF FINANCIAL INNOVATION

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**Legal responses to the credit crisis: Will the UK follow the US?  
A round-table discussion with Eric Foster and Talcott Franklin (Patton Boggs) and Shane  
Gleghorn (Taylor Wessing). To be held Tuesday, July 15, 2008, from 12:30-2:15pm.**

**With support from Taylor Wessing**

Most observers of international financial markets suspected that the US legal system would see a flurry of class action suits and novel legal claims once the subprime credit crisis broke. But what has caught the attention of banks' general counsels, compliance officers and risk managers alike is the potential success of some of the new legal theories of lender and assignee liability.

For instance, a novel legal claim was the basis for a recent suit by the city of Cleveland against several large banks. The city claimed that securitising banks have created an inner city public nuisance and should face the same civil money penalties as those it has successfully obtained from drug-dealers. By filing a lawsuit against 21 investment banks, Cleveland is hoping to recover hundreds of millions of dollars in lost taxes from devalued property and money it had to spend demolishing and boarding up abandoned houses. Its argument is simple. It claims banks' irresponsible lending practices and their "originate to distribute" model of buying and selling high-interest home loans directly caused a subprime lending and foreclosure crisis. In other words, poor lending decisions led to widespread defaults thereby depleting the city's tax base and leaving entire neighbourhoods in ruins. Boris Johnson might take note.

This round-table will explore these issues and related political developments in the US. Come hear what the likely Congressional reaction will be (another Sarbanes-Oxley?), what the Presidential candidates are saying about the crisis and whether UK and European policymakers will follow the American lead in this area. To discuss the current legal situation in both the US and UK we are delighted to have three kick-off speakers:

- Eric Foster is a partner in the international business and financial services practice at Patton Boggs in New York. He has represented the NY Fed, the US primary dealers and the larger fixed income community in NY, London, Tokyo and Hong Kong, and has been involved in many industry initiatives in the global bond markets.
- Talcott Franklin is the co-author of the Mortgage and Asset-Backed Securities Litigation Handbook (Thomson-West 2008) and a partner and head of litigation in the Dallas office of Patton Boggs. He has represented securitisation participants and investors in borrower class actions, origination and servicing suits, fund distribution disputes, and a host of other issues involving the securitisation of residential, commercial, franchise and other loans.
- Shane Gleghorn is a partner in the litigation department at Taylor Wessing in London, specialising in dispute resolution and investigations in the banking and finance sector.

If you or a colleague would like to join us for a round-table that seems likely to be as terrifying as it is illuminating, would you please let us know by emailing [carla@csfi.org.uk](mailto:carla@csfi.org.uk) or by phoning the Centre (020 7493 0173). As usual, wine and sandwiches will be provided.

Sincerely yours,

Andrew Hilton

