

## *Dexia Holdings, Inc., et al. v. Deutsche Bank AG*

**COURT:** New York Supreme Court, New York County  
**CASE NUMBER:** Index No. 651918/2011  
**CASE LEADERS:** Gerald H. Silk, Avi Josefson, Michael D. Blatchley

This direct action asserts claims against Deutsche Bank AG, Deutsche Bank Securities, Inc., ACE Securities Corp., Deutsche Alt-A Securities, Inc. and Db Structured Products, Inc. (collectively, "Deutsche Bank" or "Defendants") related to the underwriting and sale of residential mortgage-backed securities ("RMBS") to Plaintiffs Dexia SA/NV, Dexia Holdings, Inc., FSA Asset Management LLC, and Dexia Cr dit Local SA (collectively, "Dexia" or "Plaintiffs").

On July 13, 2011, Dexia filed a Complaint in the Supreme Court of the State of New York alleging claims for fraud and other claims arising out of Dexia's over \$1 billion investment in triple-A RMBS underwritten and sold by Deutsche Bank. Dexia invested in these securities in reliance upon Deutsche Bank's representations attesting to their quality, that they were backed by loans that had been prudently underwritten and secured by collateral in accordance with underwriting guidelines of the companies originating the underlying mortgage loans, and that Deutsche Bank had performed due diligence in verifying the quality of the loans. Unbeknownst to Dexia, Deutsche Bank's traders internally referred to such RMBS, including the Deutsche Bank RMBS purchased by Dexia, as "pigs" and "crap." Armed with the knowledge of their true quality, Deutsche Bank then used its own capital bet against these RMBS and the U.S. housing market in general, eventually developing a \$10 billion "short" position that paid off when the Deutsche Bank RMBS (and similar securities) declined in value.