

BLB&G Files Class Action Suit Involving Mortgage Pass-Through Certificates of Merrill Lynch on Behalf of Mississippi Public Employees' Retirement System

February 13, 2009

BLB&G filed a class action lawsuit in the United States District Court for the Southern District of New York on behalf of its client the Public Employees' Retirement System of Mississippi and similarly situated purchasers of Merrill Lynch Mortgage Investors, Inc. ("Merrill Lynch") Mortgage Pass-Through Certificates (collectively, the "Certificates") pursuant and/or traceable to the false and misleading December 21, 2005 Registration Statement and Prospectus Supplements or the false and misleading February 2, 2007 Registration Statement and Prospectus Supplements.

The Complaint alleges that on December 21, 2005, and February 2, 2007, defendants caused two Registration Statements to be filed with the SEC in connection with and for the purpose of issuing billions of dollars of Certificates. The Certificates were issued pursuant to the Prospectus Supplements, each of which was incorporated into one of the Registration Statements. The Certificates were supported by pools of mortgage loans.

According to the complaint, the Offering Documents included false statements and/or omissions about: (i) the underwriting standards used by the loan originators; (ii) the standards and guidelines used by Merrill Lynch when evaluating and acquiring the loans; (iii) the appraisal standards used to value the properties collateralizing the loans, and the corresponding loan-to-value ratios of the loans; (iv) the credit enhancement supporting the loan securitization process; and (v) the pre-established ratings assigned to each tranche of Certificates issued pursuant to the offering documents.

Ultimately, the truth about the performance of the mortgage loans that secured the Certificates began to be revealed to the public, increasing the risk of the Certificates receiving less cash flow in the future and the likelihood that investors would not receive it on a timely basis. The credit rating agencies also began to put negative watch labels on the Certificates, ultimately downgrading many. As a result, the Certificates are no longer marketable at prices near the price paid for them, and the holders of the Certificates are exposed to much more risk with respect to both the timing and absolute cash flow to be received than the Offering Documents represented.

The complaint alleges that Merrill Lynch, certain of its officers and directors and the issuers and underwriters of the Certificates violated Sections 11, 12 and 15 of the Securities Act of 1933. Plaintiff seeks to recover damages on behalf of all purchasers of the Certificates listed above (the "Class").

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