

# Jerry Silk Discusses Possible Lawsuits Against Banks After Negative Earning Announcements on CNBC's Power Lunch

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As a guest on CNBC's *Power Lunch* program, BLB&G Partner Jerry Silk provided an investor's perspective on whether or not recent negative earnings reported by major banks following the collapse of the mortgage-backed securities market in August 2007 will trigger an onslaught of lawsuits against them.

According to Mr. Silk, both valuation and transparency are key issues for investors considering litigation. Investors will look at how these banks valued subprime mortgage, CDOs, and other exotic types of securities, and will examine how transparent they were in listing the true market value of these investments. Mr. Silk asserts that, "Investment banks need to make sure they mark to the market price, even if there is illiquidity in these securities [or] even if that price is 'zero'...If they are following the rules, there will be no more litigation."

Mr. Silk summarizes the discussion by stating that the issue is whether or not investors are purchasing securities that are fairly valued and whether the "securities on these banks' balance sheets [are] really worth something."