

**SPACE COAST CREDIT UNION V. BARCLAYS CAPITAL INC.,
NO. 11-CV-02802 (S.D.N.Y.).**

CASE OVERVIEW

Status: Settled
Court: Southern District of New York
Case Number: 11-cv-02802
Related Attorneys: David A. Bishop, Daniel Hume
Related Practices: Securities, Structured Finance

We are representing Space Coast Credit Union in *Space Coast Credit Union v. Barclays Capital Inc. et al*, 11-cv-2802 (S.D.N.Y.), a securities fraud action pertaining to a synthetic collateralized debt obligation named Markov CDO I ("Markov") which plaintiff alleges was secretly "built to fail". Markov indeed quickly failed, causing total losses for Markov investors.

The complaint alleges that Defendants created, operated and disguised Markov as a "built to fail" CDO similar to now-notorious Abacus 2007-AC1 CDO. Specifically, Plaintiff alleges that Barclays and SSGA misrepresented that Markov's collateral portfolio had been selected by SSGA for success, when in fact much of Markov's collateral had been selected by another party (Barclays) and on the opposite basis (for failure). Plaintiff alleges that this benefited Barclays, which was shorting the very collateral that it had selected - and, in material part, had even custom-manufactured - for inclusion in Markov. As the collateral selected and designed by Barclays to fail indeed did so, Plaintiff and other Markov investors lost, while Barclays gained.

Plaintiffs filed their complaint on April 26, 2011. Defendants moved to dismiss on August 30, 2011. On March 20, 2012, the Court denied in substantial part Defendants' motion to dismiss. The action joins other KM CDO suits among a handful of CDO fraud actions to advance without being based on prior governmental or regulatory proceedings.

On October 11, 2013, the parties dismissed the case following a consensual resolution.