

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY U.S. DISTRICT COURT

NEW JERSEY CARPENTERS VACATION FUND,  
*on Behalf of Itself and All Others Similarly Situated,*

Plaintiff,

v.

RESIDENTIAL CAPITAL, LLC, RESIDENTIAL  
FUNDING, LLC, RESIDENTIAL ASSET  
MORTGAGE PRODUCTS, INC., BRUCE J.  
PARADIS, KENNETH M. DUNCAN, DAVEE L.  
OLSON, RALPH T. FLEES, RESIDENTIAL  
FUNDING SECURITIES CORPORATION d/b/a  
GMAC RFC SECURITIES, BANC OF AMERICA  
SECURITIES LLC, DEUTSCHE BANK  
SECURITIES, INC., CREDIT SUISSE  
SECURITIES (USA) LLC, RBS SECURITIES, INC.  
f/k/a GREENWICH CAPITAL MARKETS, INC.  
d/b/a RBS GREENWICH CAPITAL and  
JPMORGAN CHASE, INC. *as successor-in-interest*  
*to* BEAR, STEARNS & CO., INC.

Defendants.

2009 JUL 28 P 1:32  
Docket No.:

09-3775 (WJM)

**COMPLAINT FOR  
VIOLATION OF SECTIONS  
11, 12 AND 15 OF THE  
SECURITIES ACT OF 1933**

**ECF CASE**

Plaintiff, New Jersey Carpenters Vacation Fund (“Carpenters Fund” or “Plaintiff”) alleges the following based upon the investigation of counsel, Cohen Milstein Sellers & Toll, PLLC, which included a review of United States Securities and Exchange Commission (“SEC”) filings by Residential Asset Mortgage Products, Inc. (“RAMP”) and RAMP Series 2006-RS5 Trust, RAMP Series 2006-RS6 Trust, RAMP Series 2006-RZ3 Trust, RAMP Series 2006-RZ4 Trust, RAMP Series 2006-RZ5 Trust, RAMP Series 2007-RS1 Trust and RAMP Series 2007-RZ1 Trust (collectively the “Issuing Trusts” or the “RAMP Trusts”), as well as regulatory filings and reports and advisories about RAMP, the RAMP Trusts and their parent companies and affiliates, press releases and other public statements issued by Nationally Recognized Statistical

Ratings Organizations (“NRSRO”), namely Moody’s Investors Services, Inc. (“Moody’s) and Standard & Poor’s Ratings, a division of The McGraw-Hill Companies, Inc. (“S&P), about RAMP, the RAMP Trusts and their parent companies and affiliates, and counsel’s own internal investigation. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after reasonable opportunity for discovery. The claims asserted herein do not sound in or arise from allegations of fraud.

### **NATURE OF THE ACTION**

1. This Class Action Complaint (the “Complaint”) is brought by the Plaintiff Carpenters Fund alleging violation of Section 11, 12 and 15 of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. §§ 77k, 77l(a)(2) and 77o, on its own behalf and as a class action on behalf of all persons and entities who purchased or otherwise acquired interests in the Issuing Trusts, or RAMP Trusts, pursuant or traceable to a single Registration Statement and accompanying Prospectuses filed with the SEC by RAMP, a subsidiary of Residential Capital, LLC f/k/a Residential Capital Corporation (“RCC”),<sup>1</sup> on March 31, 2006 (File No. 333-131211) (the “Registration Statement”).

2. Pursuant to the Registration Statement and Prospectus Supplements incorporated therein (collectively, the “Offering Documents”), \$3.6 billion of RAMP mortgage-backed securities (“MBS”) designated Mortgage Pass Through Certificates (the “Certificates”) were sold to Plaintiff and the Class in seven (7) Offerings between July 28, 2006 and March 7, 2007 (collectively, the “Offerings”). The Underwriters of the Offerings were Residential Funding Securities Corporation d/b/a GMAC RFC Securities (“RFSC”), Banc of America Securities LLC

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<sup>1</sup> Defendant RCC is a wholly-owned subsidiary of General Motors Acceptance Corporation (“GMAC”). Although GMAC was a wholly owned subsidiary of General Motors Corporation (“GM”), it is now a GM subsidiary that is majority owned by a consortium of investors led by Cerebus Capital LLC. For the purposes of the within Complaint, GMAC and GM are collectively referred to as “General Motors.”

("BOAS"), Deutsche Bank Securities, Inc. ("DBS"), Credit Suisse Securities (USA) LLC ("CSS"), RBS Securities f/k/a Greenwich Capital Markets, Inc. d/b/a RBS Greenwich Capital ("GCM") and Bear Stearns & Co., Inc. ("BSC"),<sup>2</sup> and (collectively, the "Underwriters" or the "Underwriter Defendants"). Each of the Underwriter Defendants was itself a major player in the rapid and massive securitization of sub-prime and Alt-A residential mortgage loans.

3. As set forth below, the Offering Documents contained material misstatements and omitted material information in violation of Sections 11, 12 and 15 of the Securities Act, 15 U.S.C. §§ 77k, 77l(a)(2) and 77o. Defendants are strictly or negligently liable for the material misstatements and omissions under the Securities Act. The Complaint asserts no allegations or claims sounding in fraud.

4. Plaintiffs seek redress against Defendant RAMP, the Issuer of the Registration Statement and Depositor of the underlying collateral; the individual signatories to the Registration Statement, Defendants Bruce J. Paradis ("Paradis"), Kenneth M. Duncan ("Duncan"), Davee L. Olson ("Olson"), Ralph T. Flees ("Flees"); the Sponsor and Seller for each of the Offerings, Defendant Residential Funding Company, LLC ("RFC");<sup>3</sup> Defendant RCC, the parent Company of RAMP and RFC; and the Underwriters of the RAMP Offerings, Defendants RFSC, GCM, DBS, BOAS, JPM and CSS. RCC, RAMP, RFC and RFSC, along with their affiliates and subsidiaries are referred to collectively as "Residential Capital."

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<sup>2</sup> Defendant JPM is an investment banking holding company incorporated in Delaware, and principally located at 270 Park Avenue, New York, New York 10017. Pursuant to the merger between Bear Stearns Companies Inc. and the wholly owned subsidiary of JPM, Defendant BSC became a wholly-owned non-bank subsidiary of JPM in May 2008.

<sup>3</sup> Residential Funding Corporation, a Delaware Corporation formed in 1982, became Residential Funding Company, LLC, a limited liability company, in October 3, 2006. All references to Defendant RFC are inclusive of the current as well as the former entity.

5. This action arises from the conversion by Residential Capital of billions of dollars largely sub-prime and Alt-A mortgage loans into \$3.6 billion of purportedly “investment grade” residential MBS. The value of the Certificates was directly tied to repayment of the underlying mortgage loans since the principal and interest payments due to investors were secured and derived from cash flows from those loans.<sup>4</sup>

6. The Certificate Offerings occurred in this venue. The Certificates herein are MBS collateralized by mortgages originated by Homecomings Financial, LLC f/k/a Homecomings Financial Network, Inc. (“Homecomings” or “HFN”), Decision One Mortgage Solutions LLC (“Decision One”) and Suntrust Mortgage, Inc. (“Suntrust”) (collectively, the “Originators”), which, at all relevant times, were commercial and residential lenders. As also set forth in the Registration Statement and Prospectus Supplements, the Certificate collateral was purportedly originated by the Originators pursuant to stated mortgage loan underwriting guidelines.

7. Furthermore, the Underwriters of the Offerings varied from Offering to Offering: Defendant RFSC served as the Underwriter for the RAMP 2006-RS5, 2006-RZ3 and 2006-RZ4 Certificate Offerings; Defendant GCM served as the Underwriter for the RAMP 2006-RS5 Certificate Offering; Defendant DBS served as the Underwriter for the RAMP 2006-RS6 and 2007-RS1 Certificate Offerings; Defendant BOAS served as the Underwriter for the RAMP 2006-RZ3, 2006-RZ4 and 2007-RZ1 Certificate Offerings; BSC served as the Underwriter for the RAMP 2006-RZ3 Certificate Offering; and Defendant CSS served as the Underwriter for the RAMP 2006-RZ4 and 2006-RZ5 Certificate Offerings. The Underwriters were obligated to

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<sup>4</sup> As the original borrowers on each of the underlying mortgage loans paid their mortgages, distributions were made to investors through the Issuing Trusts in accordance with the terms of the Offering Documents governing the issuance of the Certificates. If borrowers failed to pay back their mortgages, defaulted, or were forced into foreclosure, the resulting losses flowed to the Certificate investors. As set forth in the Prospectus Supplements, the Certificates were divided into a structure of classes, or “tranches,” reflecting different priorities of seniority, payment, exposure to risk and default, and interest payments.

conduct meaningful due diligence to ensure that the Registration Statement and Prospectuses contained no material misstatements or omissions, including the stated manner in which the mortgages had been originated. The Underwriters received massive fees for their work in connection with the Offerings. Based on, *inter alia*, the Underwriters' due diligence, or lack thereof, and the representations in the Registration Statement and Prospectuses relating to the underwriting of the Certificate collateral, NRSRO's such as Moody's and S&P assigned the Certificates among the highest ratings applicable to such debt issues. At the time of each Offering, the Certificates were issued at approximately par, or \$100.00 per unit.

8. Following the issuance of the Certificates, disclosures began to emerge revealing the Originators routinely disregarded the underwriting guidelines in originating the mortgage loans. These disclosures were confirmed by substantially higher rates of delinquencies and foreclosures on the collateral underlying these "highly-rated" debt issues. These disclosures and the poor performance of the collateral caused the Ratings Agencies to review and revise the ratings assigned to the Certificates due to the fact that the true nature of the collateral had not been properly assessed at the time of the Offering. The rating agencies dramatically downgraded the Certificates as a result of the revelations regarding the true underwriting practices used to originate the collateral and the true value and quality of the properties underlying the collateral, which subsequently caused the substantial decline in the value of the Certificates. Plaintiff purchased Certificates issued by one or more of the RAMP Trusts pursuant to the Offering Documents described herein. However, as of the date the within action was commenced, Plaintiff's investment suffered a decline of over **67 percent**.

**JURISDICTION AND VENUE**

9. The claims asserted herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act, 15 U.S.C. §§ 77k, 771(a)(2) and 77o.

10. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v.

11. Venue is proper in this Court pursuant to Section 22 of the Securities Act. Many of the acts and transactions alleged herein, including the preparation and dissemination of many of the material misstatements and omissions contained in the Registration Statement and Prospectuses filed in connection with the Offering, occurred in substantial part in this State. Additionally, the Certificates were actively marketed and sold in this State.

**PARTIES**

12. Plaintiff, the Carpenters Fund, is a Taft-Hartley benefit fund with offices located in Edison, New Jersey. The Carpenters Fund purchased certain of the RAMP Certificates described previously at par value on the offering. Plaintiff and the Class purchased pursuant to the Registration Statement and Prospectuses which contained material misstatements and omissions of facts necessary to make the facts stated therein not misleading. Plaintiff and the Class relied on the misstatements and omissions in the Prospectuses and have suffered damages pursuant to Sections 11, 12 and 15 of the Securities Act.

13. GMAC, LLC, f/k/a General Motors Acceptance Corporation (collectively referred to herein as "GMAC"), is principally located at 200 Renaissance Center, Detroit, Michigan 48265. GMAC was founded in 1919 as a wholly-owned subsidiary of General Motors Corporation, and was originally established to provide GM dealers with the automotive financing necessary to acquire and maintain vehicle inventories and to provide retail customers the means

by which to finance vehicle purchases through GM dealers. On November 30, 2006, GM sold a 51% interest in GMAC for approximately \$7.4 billion to FIM Holdings LLC, an investment consortium led by Cerberus FIM Investors, LLC, the sole managing member, and changed its name to GMAC, LLC. GMAC is a leading, independent, globally diversified, financial services firm with approximately \$248 billion of assets and operations in approximately 40 countries. Since its inception, GMAC has greatly expanded its business and now includes the following primary lines of business – Global Automotive Finance, Mortgage (Residential Capital, LLC) and Insurance. GMAC is the parent and sole owner of Defendant RCC, as well as Defendant Residential Funding Securities Corporation.

14. Defendant Residential Capital, LLC, f/k/a Residential Capital Corporation (collectively referred to herein as “RCC”) is a wholly owned subsidiary of GMAC, LLC and is principally located at 8400 Normandale Lake Boulevard, Suite 600, Minneapolis, Minnesota 55437, has principal offices of operations in Minneapolis, Minnesota and Fort Washington, Pennsylvania and maintains significant presence in states throughout the U.S., including New Jersey, Texas and California. Defendant RCC is the parent company of Defendants RAMP, RFC and one of the principal originators of the loan collateral, HFN. RCC and its subsidiaries originate, purchase, sell, and securitize residential mortgage loans primarily in the United States, as well as internationally; provide primary and master servicing to investors in residential mortgage loans and securitizations; provide collateralized lines of credit, which are referred to as warehouse lending facilities, to other originators of residential mortgage loans; and hold a portfolio of residential mortgage loans for investment or sale together with interests retained from our securitization activities.

15. Defendant Residential Funding Company LLC, f/k/a Residential Funding Corporation (collectively referred to herein as "RFC"), acted as the Sponsor for the Certificates issued pursuant to the Registration Statement. Residential Funding Corporation changed its status from a Delaware Corporation to a limited liability company in October 2006. Residential Capital originated or acquired all underlying mortgage collateral for the various Offerings via the Sponsor, RFC. RFC made certain representations and warranties in connection with the loan pools collateralizing the Certificates. As set forth in the Registration Statement, RFC then conveyed the mortgages to the Depositor, Defendant RAMP, which was formed for the sole purpose of creating, and thereafter depositing the collateral into, the Issuing Trusts. The Issuing Trusts then issued the Certificates supported by the cash flows from the assets and were secured by those assets. RFC's principal office is located at 8400 Normandale Lake Boulevard, Suite 600, Minneapolis, Minnesota 55437.

16. Defendant RAMP served as the Depositor for the Offerings and is principally located at 8400 Normandale Lake Boulevard, Suite 600, Minneapolis, Minnesota 55437. Defendant RAMP is a special purpose entity ("SPE") and the wholly-owned subsidiary of RCC. Defendant RAMP filed the Registration Statement and accompanying Prospectuses with the SEC in connection with the Offerings. The role of RAMP as the Depositor was to purchase the mortgage loans from the seller and then assign the mortgage loans and all of its rights and interest under the mortgage loan purchase agreement to the trustee for the benefit of the Bondholders. RAMP, as Depositor, was also responsible for preparing and filing any reports required under the Securities Exchange Act of 1934.

17. Defendant Bruce J. Paradis (“Paradis”) was, during the relevant time period, RAMP’s President and Chief Executive Officer and a Director of RAMP. Paradis also served as the President of Defendant RFSC. Paradis signed the Registration Statement for the Offerings.

18. Defendant Kenneth M. Duncan (“Duncan”) was RAMP’s Acting Chief Financial Officer (Principal Financial Officer). Duncan signed the Registration Statement for the Offerings.

19. Defendant Ralph T. Flees (“Flees”) was, at all relevant times, RAMP’s Controller (Principal Accounting Officer). Defendant Flees signed the Registration Statement for the Offerings.

20. Defendant Davee L. Olson (“Olson”) was a Director of RAMP. Olson signed the Registration Statement for the Offerings.

21. The Defendants identified in ¶¶ 17-20, above, are referred to herein as the “Individual Defendants.” The Individual Defendants functioned as directors to the Issuing Trusts as they were officers and/or directors of RAMP and signed the Registration Statement for the registration of the securities which were thereafter issued by the Issuing Trusts.

22. The Individual Defendants participated with and/or conspired with the remaining Defendants in the wrongful acts and course of conduct or otherwise caused the damages and injuries claimed herein and are responsible in some manner for the acts, occurrences and events alleged in this Complaint.

23. Defendant RFSC, d/b/a GMAC RFC Securities, served as the underwriter for three (3) of the RAMP Certificate Offerings (collectively the “RFSC Offerings”). RFSC is an SEC registered broker-dealer, principally located at 8400 Normandale Lake Boulevard, Suite 600, Minneapolis, Minnesota 55437 and is a wholly-owned subsidiary of Defendant RCC.

RFSC's banking operations are limited to broker-dealer functions in the issuance and underwriting of residential and commercial mortgage-backed securities. Moreover, RFSC only conducts business with institutional clientele. RFSC was one of the leading MBS underwriters in the United States. RFSC, as an essential part of its investment banking business, has substantial contacts within this State and during the relevant time period transacted and continues to transact business here. RFSC actively served as the underwriter in the sale of the Certificates and assisted in drafting and disseminating the Offering Documents pursuant to which the Certificates were issued.

24. Defendant BOAS served as the underwriter for three (3) of the RAMP Certificate Offerings (collectively the "BOAS Offerings"). BOAS is an SEC registered broker-dealer and is a wholly-owned operating subsidiary of Defendant Bank of America Corporation ("BOFA"). BOAS is one of the leading MBS underwriters in the United States. BOAS, as an essential part of its investment banking business, maintained its principal place of business and had substantial contacts within this State and during the relevant time period transacted business in here. BOAS currently continues to maintain offices located at One Bryant Park, New York, New York 10036. BOAS actively served as the underwriter in the sale of the Certificates and assisted in drafting and disseminating the Offering Documents pursuant to which the Certificates were issued.

25. Defendant DBS served as the underwriter for two (2) of the RAMP Certificate Offerings (collectively the "DBS Offerings"). DBS is an SEC registered broker-dealer, principally located at 60 Wall Street, New York, New York 10005. DBS is one of the leading MBS underwriters in the United States. DBS, as an essential part of its investment banking business, in addition to maintaining its principal offices, has substantial contacts within this State and during the relevant time period transacted and continues to transact business here. DBS

actively served as the underwriter in the sale of the Certificates and assisted in drafting and disseminating the Offering Documents pursuant to which the Certificates were issued.

26. Defendant CSS served as the underwriter for two (2) of the RAMP Certificate Offerings (collectively the "CSS Offerings"). CSS is an SEC registered broker-dealer, principally located at 11 Madison Avenue, New York, New York 10010. CSS is one of the leading MBS underwriters in the United States. CSS, as an essential part of its investment banking business, has substantial contacts within this State and during the relevant time period transacted business here. CSS actively served as the underwriter in the sale of the Certificates and assisted in drafting and disseminating the Offering Documents pursuant to which the Certificates were issued.

27. Defendant GCM served as the underwriter for one (1) of the RAMP Certificate Offerings (collectively the "GCM Offering"). GCM is an SEC registered broker-dealer, principally located at 600 Steamboat Road, Greenwich, Connecticut 06830, and is a wholly-owned subsidiary of Greenwich Capital Holdings, Inc. GCM is one of the leading MBS underwriters in the United States. Since 1987, GCM has helped mortgage lenders issue more than \$400 billion in asset-backed securities. GCM, as an essential part of its investment banking business, has substantial contacts within this State and regularly and continually transacts business here. GCM actively served as the underwriter in the sale of the Certificates and assisted in drafting and disseminating the Offering Documents pursuant to which the Certificates were issued.

28. BSC served as the underwriter for the RAMP Series 2006-RZ3 Certificate Offering (the "BSC Offering"). BSC was, during the relevant time period, an SEC registered broker-dealer, formerly located at 383 Madison Avenue, New York, New York 10179. After

incurring substantial losses due to their exposure to the U.S. sub-prime housing markets, BSC was purchased by and merged into a wholly-owned subsidiary of Defendant JPM in order to avoid imminent bankruptcy. Pursuant to a Merger Agreement effective May 30, 2008, The Bear Stearns Companies Inc. merged with BSC Merger Corporation, a wholly-owned subsidiary of JPM, and thereafter Bear Stearns Companies Inc., in addition to its affiliates and subsidiaries, became a wholly-owned subsidiary of JPM.<sup>5</sup> BSC was one of the leading MBS underwriters in the United States prior to its downfall. BSC, and JPM as its successor-in-interest, as an essential part of their investment banking businesses, have substantial contacts within this State and during the relevant time period transacted business here. BSC actively served as the underwriter in the sale of the Certificates and assisted in drafting and disseminating the Offering Documents pursuant to which the Certificates were issued.

29. Defendants RFSC, BOAS, DBS, CSS, GCM and BSC (inclusive of JPM) are collectively referred to herein and the “Underwriters” or “Underwriter Defendants.”

30. The Defendants are all liable, jointly and severally, as participants in the issuance of the RAMP Certificates, including issuing, causing, or making materially misleading statements in the Prospectus and omitting material facts necessary to make the statements contained therein not misleading.

### **CLASS ACTION ALLEGATIONS**

31. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure behalf of a class consisting of all persons or entities who acquired the Certificates issued by the Issuing Trusts, as set forth above, pursuant and/or traceable to the false and misleading Registration Statement and who were damaged thereby (the “Class”).

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<sup>5</sup> See ¶ 2, *supra*.

32. Excluded from the Class are Defendants, the officers and directors of the Defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

33. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are hundreds of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by RCC, RFC, RAMP or their transfer agents and maybe notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions. Billions of dollars worth of Certificates were issued pursuant to the Registration Statement.

34. Plaintiffs' claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

35. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

36. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are: whether Defendants violated the Securities Act; whether the Registration Statement issued by Defendants to the investing public negligently omitted and/or misrepresented material facts about the underlying mortgage loans comprising the

pools; and to what extent the members of the Class have sustained damages and the proper measure of damages.

37. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

### **SUBSTANTIVE ALLEGATIONS**

38. Currently, the United States is ensnared in a financial crisis arising, in material part, from the greed which drove financial firms to issue billions of dollars of debt securities “collateralized” or securitized with mortgages which only recently have been revealed to have been recklessly underwritten and originated. The Plaintiff and Class as purchasers of the Certificates have been the victims of just such negligent practices, having purchased the Certificates pursuant to Registration Statement which contained misstatements and omissions concerning the mortgage collateral “securitizing” the Certificates. The RAMP Trusts and other entities related to the Offering, *i.e.*, the Depositor and Underwriter Defendants, had enormous financial incentive to consummate the Offerings of the Certificates as quickly as possible since they were paid upon completion a percentage of the total dollar amount of the Offerings sold to investors. Since the risk of the underlying collateral failing was not assumed by either RAMP, the RAMP Trusts, the Trustees or the Underwriters, there was also enormous incentive not to conduct full, complete and meaningful due diligence of the statements in the Registration Statement including those relating to the underlying mortgage collateral.

39. The structure of each Offering was generally identical: RAMP filed a Registration Statement Form S-3 with the SEC on January 20, 2006, followed up by its pre-effective amendment on Form S-3A filed on March 31, 2006, in connection with the issuance of various series and classes of MBS which would be governed by said Registration Statement. At some time at or subsequent to each Offering, the "Issuing Entity" Trust was then formed, *i.e.*, RAMP Series 2007-RZ1 Trust, for which a Prospectus was filed on behalf of an entity responsible for issuing the Certificates at issue herein.

40. Typically, the loans are originated or purchased from third-party lenders by the Sponsor (*i.e.*, RFC) or a subsidiary thereof. The Sponsor then disposes of its loans primarily by selling them to third-parties and through securitizations. The Sponsor works with underwriters and rating agencies to select the pool of mortgage loans and structure the securitization transaction. The Sponsor or subsidiary thereof also services the mortgage loans. On the closing date of any given Offering, the Sponsor conveys the initial mortgage loans and the related mortgage insurance policies to the Depositor (*i.e.*, RAMP), who will in turn convey the initial mortgage loans and the related mortgage insurance policies to the Trust, by way of the Trustee. The Certificates are backed by the Issuer, and consist of, *inter alia*, the mortgage loans; principal and interest on the mortgage loans; and the amounts on deposit in the collection account, including the payment account in which amounts are deposited prior to payment to the certificate holders. On the payment date, the certificate holders receive payments from the Trustee for the Certificates based on the particular tranche purchased; typically, available funds for each distribution date will equal the amount received by the Trustee and available in the payment account on that distribution date, including interest which differs depending upon the tranche held.

41. In connection with the RAMP Offerings, RAMP, the Trusts and the various Underwriter Defendants prepared and disseminated a Registration Statement and Prospectuses that contained material misstatements of fact and omitted facts necessary to make the facts stated therein not misleading that were reasonably relied upon by Plaintiff and the Class to their detriment.

**The Registration Statement and Prospectus Contained Material Misstatements and Omissions of Fact**

42. The Registration Statement represented that all of the loans which made up the pool of residential, subprime mortgages used to support the Certificates were subject to certain underwriting guidelines which assessed the borrower's creditworthiness, including multi-level reviews of loan applications and appraisals with only "case by case" exceptions to guidelines.

43. The Registration Statement disclosed that the underlying loans were principally originated by the Originators. The Registration Statement represented that all the underlying loans were subject to underwriting guidelines which were intended to assess borrower creditworthiness:

The depositor expects that the originator of each of the loans will have applied, consistent with applicable federal and state laws and regulations, underwriting procedures *intended to evaluate the borrower's credit standing and repayment ability and/or the value and adequacy of the related property as collateral.*

Residential Asset Mortgage Products Form S-3/A Registration Statement, filed March 31, 2006 at 25 (emphasis added).

44. The Registration Statement also stated that the mortgage loan underwriting guidelines varied in the levels scrutiny depending on the borrower, yet all of which stressed borrower credit-worthiness and *in most cases, full documentation would be required from the borrower prior to being approved for a loan:*

*In most cases, under a traditional "full documentation" program, each*

*borrower will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the borrower.* As part of the description of the borrower's financial condition, the borrower will have furnished information, which may or may not be verified, describing the borrower's assets, liabilities, income, credit history and employment history, and furnished an authorization to apply for a credit report that summarizes the borrower's available credit history with local merchants and lenders and any record of bankruptcy. The borrower may also have been required to authorize verifications of deposits at financial institutions where the borrower had demand or savings accounts. In the case of investment properties, only income derived from the mortgaged property may have been considered for underwriting purposes, rather than the income of the borrower from other sources. For mortgaged property consisting of vacation or second homes, no income derived from the property will typically have been considered for underwriting purposes.

The underwriting standards applied by originators in some cases allow for loans to be supported by alternative documentation. For alternatively documented loans, a borrower may demonstrate income and employment directly by providing alternative documentation in the form of copies of the borrower's own records relating to income and employment, rather than having the originator obtain independent verifications from third parties, such as the borrower's employer or mortgage servicer.

If specified in the accompanying prospectus supplement, some loans may have been originated under "limited documentation" or "no documentation" programs that require less documentation and verification than do traditional "full documentation" programs. Under a limited documentation or no documentation program, minimal or no investigation into the borrower's credit history and income profile is undertaken by the originator and the underwriting may be based primarily or entirely on an appraisal or other valuation of the mortgaged property and the LTV or combined LTV ratio at origination.

*Id.* at 25 (emphasis added).

45. Furthermore, the Registration Statement stressed the importance of the adequacy of the mortgaged property determined by an appraisal:

The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal.

*Id.* at 27 (emphasis added).

46. The Registration Statement also stated that the Sponsor or Seller examined the validity of the mortgage applications after purchase and prior to securitization:

Residential Funding Corporation or the designated seller, as the case may be, on behalf of the depositor or a designated third party, will normally review only a limited portion of the loans in any delivery from the related seller for conformity with the applicable underwriting standards. A portion of loans may be purchased from sellers who may represent that the loans were originated under underwriting standards acceptable to Residential Funding Corporation or the designated seller. Loans purchased under Residential Funding Corporation's negotiated conduit asset program are not typically purchased pursuant to master commitments.

*Id.* at 30.

47. The statements in the preceding paragraphs contained misstatements and material omissions including in connection with the underwriting standards pursuant to which the underlying mortgage collateral was originated. As set forth herein, Originators of the underlying collateral routinely ignored the stated mortgage loan underwriting guidelines in order to increase production and profits derived from their mortgage lending businesses. Furthermore, the Defendants herein failed to conduct adequate, or in many cases any, due diligence on the mortgage loan applications and mortgaged properties prior to or during the securitization process.

48. In addition to the Registration Statement, each Prospectus Supplement, which incorporates the language of the Registration Statement, set forth the stated mortgage loan underwriting guidelines that the mortgage loans underlying each individual Offering were originated pursuant to. For example, the Prospectus Supplement for the RAMP 2007-RZ1 Certificate Offering, filed on February 22, 2007, stated:

***Residential Funding Company, LLC's underwriting of the mortgage loans generally consisted of analyzing the following as standards applicable to the mortgage loans:***

- ***the creditworthiness of a mortgagor,***
- ***the income sufficiency of a mortgagor's projected family income relative to the mortgage payment and to other fixed obligations (including in certain instances rental income from investment property), and***
- ***the adequacy of the mortgaged property (expressed in terms of loan-to-***

*value ratio), to serve as the collateral for a mortgage loan.*

In addition, credit scores are obtained and debt-to-income ratios are calculated and are considered in the underwriting of the loan.

*Generally, each mortgagor would have been required to complete an application designed to provide to the original lender pertinent credit information concerning the mortgagor. As part of the description of the mortgagor's financial condition, a mortgagor may have been required to furnish information (which may have been supplied solely in such application) with respect to its assets, liabilities, income, credit history, employment history and personal information, and furnished an authorization to apply for a credit report which summarized the borrower's credit history with local merchants and lenders and any record of bankruptcy. The mortgagor may also have been required to authorize verifications of deposits at financial institutions where the mortgagor had demand or savings accounts. In the case of investment properties, income derived from the mortgaged property may have been considered for underwriting purposes. With respect to mortgaged property consisting of vacation or second homes, generally no income derived from the property was considered for underwriting purposes.*

*Some of the mortgage loans have been originated under "stated income" programs (also referred to in this prospectus supplement as "limited documentation" programs) that require less documentation and verification than do traditional "full documentation" programs. Under a "stated income" program, some borrowers with acceptable payment histories will not be required to provide any information regarding income and no other investigation regarding the borrower's income will be undertaken.*

*The adequacy of a mortgaged property as security for repayment of the related mortgage loan generally has been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. At least one full appraisal is obtained for the mortgaged property. Appraisers are either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by the originator. The appraisal procedure guidelines generally will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal would have considered a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or replacement cost analysis based on the current cost of constructing or purchasing a similar property.*

RAMP Series 2007-RZ1 Prospectus Supplement Form 424B5, February 22, 2007 at S-52-53 (emphasis added).

49. The statements in the preceding paragraphs contained misstatements and material omissions including in connection with the underwriting standards pursuant to which the underlying mortgage collateral was originated. As set forth herein, Originators of the underlying collateral routinely ignored the stated mortgage loan underwriting guidelines in order to increase production and profits derived from their mortgage lending businesses. Furthermore, the Defendants herein failed to conduct adequate, or in many cases any, due diligence on the mortgage loan applications and mortgaged properties prior to or during the securitization process.

**The Prospectus Stated That The Price of The Bonds Were Tied To Credit Ratings**

50. The Certificates were rated by the Rating Agencies, which purported to take into account, *inter alia*, the stated mortgage loan underwriting guidelines applied by the Originators in originating the underlying mortgages to address the likelihood of the receipt of all distributions on the mortgage loans by the Certificateholders:

**RATINGS**

It is a condition of the issuance of the offered certificates that they be rated as indicated on page S-9 of this prospectus supplement by Standard & Poor's, Fitch and Moody's.

\* \* \*

... A securities rating addresses the likelihood of the receipt by the holders of the offered certificates of distributions on the mortgage loans. The rating takes into consideration the structural, legal and tax aspects associated with the offered certificates.

**Disclosures Relating To The Originators' Deficient Lending Practices**

**1. Disclosures Relating To The HFN's Deficient Lending Practices**

51. HFN was a principal originator for five (5) of the RAMP Certificate Offerings subject to the within action. HFN, based in Minneapolis, Minnesota, is an indirect subsidiary of GMAC and a direct wholly-owned of RCC. HFN was founded in 1995 after RCC was purchased by GMAC, and has since served as RCC's primary wholesale lender.

52. Following issuance of the Certificates, disclosures began to emerge which further reflected HFN's systemic disregard for the underwriting guidelines set forth in the Offering Documents, its practices and policies of favoring riskier, fee-driven mortgage lending including sub-prime, Alt-A and option-ARM (hybrid adjustable rate or negative amortization) mortgage loans and inflating revenue via hidden prepayment penalties and fees.

53. In mid-2008, the Federal Trade Commission (the “FTC”) commenced an investigation into HFN’s policies and practices after an FTC staff review of HFN’s mortgage loan data report pursuant to the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801-2810, indicated that African American and Hispanic borrowers paid more for mortgage loans than non-Hispanic Whites. According to a letter from the FTC to HFN’s counsel, the investigation focused on whether the underwriting risk and the credit characteristics of the borrowers justified the reported disparities in loan price.

Based on an extensive investigation, which included obtaining and analyzing Homecomings’ full and complete loan data, the staff’s statistical analyses of the data show that, on average, Homecomings charged African-American and Hispanic borrowers substantially more for home purchase and refinance loans than similarly-situated non-Hispanic whites. *The staff further determined that these disparities were caused by Homecomings’ policy and practice of allowing its brokers broad discretion to determine the amount of discretionary fees charged to borrowers in addition to the risk-based price. The staff concluded that the disparities in these discretionary charges are substantial, statistically significant, and cannot be explained by any legitimate underwriting or credit characteristics in violation of the FCOA and the FTC Act.*

54. Before the FTC could complete their investigation, on September 3, 2009, RCC announced that it was shutting its wholesale mortgage origination operations, thereby closing down HFN, as well as its retail operations, GMAC Mortgage, LLC (“GMACM”). In a January 22, 2009 FTC letter closing the investigation, the FTC explained:

During the course of this investigation, Homecomings ceased originating mortgage loans and stated it has no intention to resume mortgage lending in the future. In addition, Residential Capital, LLC (“ResCap”), an indirect parent company of Homecomings, filed a 10-Q Quarterly report for the third quarter of 2008 for ResCap and its direct and indirect subsidiaries, including Homecomings (collectively, the “Company”), which states that the ability of the Company to continue as a going concern is in substantial doubt. The 10-Q further notes that the Company is heavily dependent on its own indirect parent, GMAC, LLC, for funding and capital support and that there can be no assurance that such support will continue. Because of these developments and based on additional information provided by the Company regarding its financial status, the staff has closed the investigation. However, the staff will continue to monitor future

developments concerning Homecomings, including whether GMAC's recent conversion to a bank holding company and its receipt of financial assistance from the U.S. Department of the Treasury, may affect Homecomings' operating and financial status. If warranted by materially changed circumstances, the staff will take appropriate action, including the reopening of this investigation.

55. In a March 5, 2009 article titled "Shaky Loans May Spur New Foreclosure Wave," the *Portland Tribune* recounted the events leading up to the massive failures throughout the U.S. mortgage lending industry - including the role of HFN:

"In order to keep your market share, you had to be more aggressive," said Tim Boyd, who sold subprime loans in the Portland area for six years and then Alt A loans for seven years for Homecomings Financial.

"The main focus was doing Alt A because that's where the money was," said Boyd, who left the industry. A loan officer arranging a \$300,000 Option ARM loan could collect \$10,500 in fees, he said.

Lenders could unload shaky loans by selling them to investors, who often resold them in what amounted to a worldwide game of financial musical chairs. Wall Street's insatiable appetite for more loans kept the pipeline filled, even if the deals weren't always sound.

"The V.P.s came down to the office beating the drums about Option ARMs," urging mortgage brokers to sell them to customers, Ridge said. "I had Wachovia march through there; I had GMAC."

\* \* \*

He said he knows of loan officers who'd tell title agents to keep quiet about Option ARM loan provisions during document-signing time.

"They'd tell the title officer, 'Don't go over this; just glean through it quickly and get the thing signed.' "

Tim Boyd said he drew the line at selling Option ARMs because he saw how that could get people into trouble. "It made me sick," he said.

56. In a September 11, 2006 article titled "Nightmare Mortgages," *BusinessWeek Magazine* described HFN's lending policies as using outrageous pre-payment penalties to keep

borrowers stuck in pay-option ARM loans and their using “fine-print” in contracts to hide disclosures:

Gordon Burger is among the first wave of option ARM casualties. The 42-year-old police officer from a suburb of Sacramento, Calif., is stuck in a new mortgage that’s making him poorer by the month. Burger, a solid earner with clean credit, has bought and sold several houses in the past. In February he got a flyer from a broker advertising an interest rate of 2.2%. It was an unbeatable opportunity, he thought. If he refinanced the mortgage on his \$500,000 home into an option ARM, he could save \$14,000 in interest payments over three years. Burger quickly pulled the trigger, switching out of his 5.1% fixed-rate loan. “The payment schedule looked like what we talked about, so I just started signing away,” says Burger. He didn’t read the fine print.

After two months Burger noticed that the minimum payment of \$1,697 was actually adding \$1,000 to his balance every month. “I’m not making any ground on this house; it’s a loss every month,” he says. *He says he was told by his lender, Minneapolis-based Homecoming Financial, a unit of Residential Capital, the nation’s fifth-largest mortgage shop, that he’d have to pay more than \$10,000 in prepayment penalties to refinance out of the loan. If he’s unhappy, he should take it up with his broker, the bank said. “They know they’re selling crap, and they’re doing it in a way that’s very deceiving,” he says. “Unfortunately, I got sucked into it.”* In a written statement, Residential said it couldn’t comment on Burger’s loan but that “each mortgage is designed to meet the specific financial needs of a consumer.”

(Emphasis added).

## **2. Disclosures Relating To Decision One’s Deficient Lending Practices**

57. In August, 1999, Decision One Mortgage (“Decision One”) was acquired by HSBC, Europe’s biggest bank by market value, becoming its wholly-owned domestic subsidiary. Decision One served as HSBC’s retail mortgage lender, relying on independent mortgage brokers and local branches to find borrowers. *Reuters* “HSBC Subprime Unit Accused of Overcharging Blacks;” Tim McClaughlin, September 30, 2007. By 2006, Decision One was the 14<sup>th</sup> largest subprime loan provider, originating \$11.2 billion in loans. *Mortgage.com*; “Subprime’s Dearly Departed,” Ronald Campbell, October 1st, 2008.

58. In January 2007, HSBC and its subprime lending arms came under scrutiny when multiple lawsuits were alleging that Decision one has used discretionary pricing policies resulting in widespread discriminatory effect on minority borrowers. *See Allen v Decision One Mortgage Company LLC et al.*, C.A. NO. 07-11669 C.A. NO. 07-11669 (D. Ma Sept. 6, 2007), *Ruiz v. Decision One Mortg. Co., LLC et al.*, (N.D. Cal. July 25, 2006). Decision one, as alleged, had created discrepancies that were not due to differences in objective credit measures, such as a credit rating or credit report, but instead were attributable to subjective changes in pricing policies that effectively changed the borrowing rate.

59. According to *The Record*, a West Virginia publication, Decision One, as the originator of the loans at issue in *Allen* and *Ruiz*, intentionally relied on out-of-county appraisers to misrepresent the value of the borrowers' property for the purpose of inducing them into unsuitable loans. *The Record*, "Three Suits Accuse Company of Predatory Lending," Cara Bailey, January 12, 2007. Decision one purposely and actively selected only those appraisers known for inflating property values. *Id.*

60. Decision One continued through 2007 to make excessive profits by pushing its lending standards aside. In the first half of 2007 HSBC's subprime arm was the third US subprime originator in the US with \$12.3 billion dollars in volume. Approximately a third of that was attributable to Decision One. *Wall Street Journal*, "Lenders that Have Closed Shop, Been Acquired or Stopped Loans" Worth Civils and Mark Gongloff. Nevertheless, as a result of Decision One and HSBC's disregard for fair consumer lending practices and their inclination towards predatory lending, lawsuit settlements and mounting defaults and foreclosures forced HSBC to close up Decision One in September 2007. *MarketWatch.com*, "HSBC Shutting Decision One Mortgage Unit," Alistair Barr, September 21, 2007.

3. **Disclosures Relating To SunTrust's Deficient Lending Practices**

61. SunTrust is a Virginia Corporation and a direct wholly-owned subsidiary of Suntrust Bank, a Georgia chartered Bank. Suntrust Bank is, in turn, a wholly-owned subsidiary of SunTrust Banks, Inc. ("STP"), one of the nation's largest commercial banking organizations. SunTrust is one of the largest residential lenders in the United States, and has been originating Alt-A and subprime loans since 2004. On June 30, 2009, *Mortgage Daily* reported that Sun Trust ranked fifth in residential lending originating \$13.4 billion in loans. As alleged herein, SunTrust wholly-disregarded its stated mortgage loan underwriting guidelines in originating the mortgage loan collateral underlying the Certificates herein.

62. In December 2007, SunTrust was named as a defendant in a class action suit filed by the NAACP in which alleging that the Company had engaged in discriminatory and predatory lending practices.

63. Furthermore, On January 22, 2009, *Mortgage Daily* reported that in its fourth quarter earning report for 2008, Sun Trust Chairman and CEO, James M. Wells, III noted continued declines in home values drove loan delinquencies significantly higher than expected resulting in higher than expected credit losses.

64. That same month, STI announced that it was ceasing all business activities in FHA loan originations due to broker performance with regard to delinquency and pull through ratios.

**Negative Disclosures Relating To The Underwriter  
Defendants' Role In The Collapse of the MBS Markets**

**1. RFSC's MBS Exposure Results in Massive Write-Downs and Losses**

65. In 2005, RFSC was ranked as the fifth largest non-agency MBS issuer with \$56.93 billion in volume, a 4.8% increase over its 2004 level of \$42.336 billion. In 2006, RFSC was rated by *IMF* as the eight largest mortgage securities producer, with \$66.24 billion in mortgage securities volume and a 3.2% market share. Of that \$66.24 billion, \$64.229 billion was from non-agency MBS.

66. On July 30, 2007, GMAC and RCC both announced losses as a result of their residential mortgage business. GMAC's net income fell to \$293 million from \$787 million a year earlier. RCC had a loss of \$254 million, compared with a profit of \$548 million a year earlier, because of loans to buyers with poor credit ratings.

67. To make matters worse, as reported by *Reuters* on July 31, 2008, GMAC posted a \$2.48 billion second quarter loss as a result of write-downs and mounting losses at its mortgage lending unit.

68. On February 22, 2008, as reported by *Forbes Magazine*, S&P announced that it would be downgrading RCC as a result of mounting mortgage losses.

GMAC and its Residential Capital mortgage unit were cut several notches deeper into junk status by Standard & Poor's, which said mounting mortgage losses might require new capital injections from General Motors and Cerberus Capital Management.

69. On March 29, 2008, *Forbes* announced "GMAC had reported a heavy first-quarter loss, making for 6 consecutive losses of its kind."

GMAC's loss increased to \$589.0 million from \$305.0 million a year earlier. The dent included an \$859.0 million loss at its subsidiary Residential Capital. It was the mortgage unit's sixth consecutive quarterly loss, though the amount lost fell from \$910.0 million last year.

70. In connection with the RFSC Offerings, RFSC failed to conduct meaningful due diligence, including in connection with the underwriting standards used to originate the Certificate collateral.

**2. BOAS Role in the Collapse of the Subprime Markets Result in Massive Write-Downs and Government Investigations**

71. Defendant BOAS is a subsidiary and the investment banking arm of Bank of America Corporation (“BAC”). BOAS offers services relating to capital raising, financial advisory, and risk management solutions, bulge-bracket trading and global distribution services, and objective research on global markets and growth sectors to corporations, institutional investors, financial institutions, and government entities. BOAS is also a leader in U.S. real estate investment banking. According to BOAS’ website, it was the second-largest underwriter of real estate equity-linked deals in 2006. In 2007, it was the second largest Underwriter of REIT high grade bonds.

72. According to *Inside Mortgage Finance*, in 2006 BOAS’ was ranked as the tenth largest securities producer, issuing \$51.1 billion in MBS. In 2007, it was the fifteenth largest non-agency MBS sponsor with \$17.4 billion.

73. Starting in 2007, BOAS’ parent, BAC, was forced to take drastic write-downs associated with its mortgage-related and investment banking businesses – stemming from BOAS’ business operations. In October 2007, as reported by *Bloomberg*, BAC announced that its third quarter 2007 profits had declined 32% after trading losses with defaults and write-downs costing it over \$4 billion. A month later, on November 13, 2007, the Company announced that it would take an additional \$3 billion dollar write-down as a result of losses associated with poorly

performing subprime mortgages. In January 2008, *Bloomberg* again reported that BAC's earnings dropped 95% after \$5.28 billion of mortgage-related write-downs.

74. On June 8, 2009, the California Department of Corporations announced it had reached a settlement agreement with BOAS to facilitate the return of over \$3 billion dollars to California investors who invested in certain mortgage-backed and other securities backed by debt and sold by BOAS. The settlement concluded an almost year-long investigation into whether BOAS misrepresented the true nature of the securities to investors.

75. In connection with the BOAS Offerings, BOAS failed to conduct meaningful due diligence, including in connection with the underwriting standards used to originate the Certificate collateral.

**3. CSS' Failure To Adhere To Underwriting Guidelines Result In Massive Write-Downs**

76. CSS played a key role in the subprime mortgage market and its ultimate collapse. According to industry research for 2004-2005, CSS was the number three U.S. collateralized mortgage-backed securities loan contributor and master servicer; among the top five participants in leveraged loan syndications and U.S. collateralized debt obligations; and one of the foremost U.S. asset-based lending lead arrangers.

77. CSS' good fortune in the mortgage backed securities business didn't last long. CSS, beginning in 2006, began to experience an exponential increase in their mortgage default rate. Tellingly, a large percentage of the defaults were occurring, not after rates were ratcheted up by way of an adjustable mortgage, but instead within or around thirty days after the mortgages were approved – on either first or second payments and long before any adjustable rate kicked up the rates on the mortgages.

78. Having recognized the gross inadequacy of the mortgage collateral that they had purchased from various lenders around the country, CSS, through its wholly owned subsidiary DLJ Mortgage ("DLJ") filed several lawsuits in New York Federal District Court, Southern District throughout 2007, against the lenders from which CSS had purchased the mortgages:

*DLJ Mortgage Capital, Inc. v. Sunset Direct Lending, LLC, et al.*, Civ. No. 07-01418, filed February 27, 2007;

*DLJ Mortgage Capital, Inc. v. Right-Away Mortgage, Inc.*, Civ. No. 07-02791, filed April 6, 2007;

*DLJ Mortgage Capital, Inc. v. Sea Breeze Financial Services, Inc.*, Civ. No. 07-03747, filed May 11, 2007;

*DLJ Mortgage Capital, Inc. v. Cameron Financial Group, Inc.*, Civ. No. 07-03746, filed May 11, 2007;

*DLJ Mortgage Capital, Inc. v. Home Loan Corporation*, Civ. No. 07-04167, filed May 29, 2007;

*DLJ Mortgage Capital, Inc. v. Eastern American Mortgage Company*, Civ. No. 07-07933, filed September 10, 2007.

79. These lawsuits asserted by CSS alleged breach of contract for failure to repurchase loans due to early payment defaults; failing to repurchase loans arising out of breaches of representations and warranties; and failing to reimburse CSS, or DLJ, for losses incurred due to early payment defaults.

80. Each agreement that DLJ entered into with the respective mortgage lenders contained clauses which required the lenders to repurchase the mortgage obligations or reimburse DLJ for losses in the event that defaults occurred within a certain time period after DLJ's original purchases.

81. By way of example, according to the Complaint filed by DLJ against Sunset Direct Lending, LLC, DLJ incurred over \$20,000,000 in losses due to defaults on loans purchased from Sunset Direct between late July 2006 and early January 2007.

82. As the mortgage crisis in the United States grew over the first half of 2007, the problems facing DLJ spread throughout CSS and its affiliates, ultimately resulting in massive write-downs and losses on the company's underwriting, lending and investing arms, all of which were intricately involved in the mortgage backed securities business.

83. On October 1, 2007, CSS announced that its financial results have been "hurt by recent market events" involving the U.S. housing market. Analysts immediately took this announcement as a "profit warning" for the Company's third quarter results.

84. On or about November 1, 2007, the Associated Press reported that CSS suffered a 33 percent decline in earnings due to write-downs related to the U.S. housing market.

85. Thereafter, the Associated Press, on or about February 12, 2008, reported that CSS had announced that the Company's fourth quarter profit declined 72 percent due to write-downs of \$1.30 billion on debt and leveraged loans.

86. On or about February 20, 2008, an article published in the New York Post reported that CSS was forced to take an additional \$2.85 billion write-down resulting from the use of outdated pricing information in connection with the valuation of their U.S. mortgage securities. On the same day, CSS announced that the additional write-downs and use of outdated pricing models resulted in an internal investigation of a handful of its traders.

87. In an April 24, 2008 Associated Press article, it was reported that CSS was forced to incur write-downs due to the U.S. mortgage crisis of over \$5.30 billion, resulting in a net loss for the first quarter 2008 of over \$2.0 billion.

88. Not long after, in an article published by the American Banker, it was disclosed that CSS' losses in the first quarter of 2008 were mainly due to CSS' losses resulting from massive write-downs related to the U.S. mortgage meltdown.

89. In connection with the CSS Offerings, CSS failed to conduct meaningful due diligence, including in connection with the underwriting standards used to originate the Certificate collateral.

**4. DBS' Failure Lack of Due Diligence Into MBS Results In Massive Write-Downs and Federal Investigations**

90. DBS also played a key role in the subprime mortgage market and its ultimate collapse. DBS, in its 2005 Annual Review, stated that it had "consolidated its position as a Top 3 player in the global Commercial Mortgage-Backed Securities market and in Real Estate CDOs. Deutsche Bank was the No. 1 Commercial Real Estate Bank in Euromoney's inaugural Real Estate poll." However, like Wachovia and RBS, DBS played a role in the downfall of those markets. DBS was forced to write down \$3.1 billion in subprime-related investments in the third quarter of 2007. In late April 2008, DBS marked down EUR 2.7 billion (approximately \$6 billion) in connection with "leveraged loans and loan commitments, commercial real estate and residential mortgage-backed securities."

91. Furthermore, DBS also was caught up in governmental investigations of the collapse of the subprime market. On December 7, 2007, as reported in The Wall Street Journal, the office of the New York State Attorney General served subpoenas to several Wall Street firms – including DBS – seeking information related to the packaging and selling of debt tied to high-risk mortgages. According to the Journal, "The review . . . is examining how adequately the investment banks reviewed the quality of mortgages before packaging them into products that

were then sold to investors... The subpoenas also requested information about how the debt was pooled into securities, including the banks' relationship with credit-rating firms.”

92. In connection with the DBS Offerings, DBS conducted substandard and deficient due diligence, including in connection with the underwriting standards used to originate the Certificate collateral.

**5. GCM Comes Under Investigation For Its Role In The Collapse of The Subprime Market**

93. GCM played a prominent role in rise and fall of the U.S. subprime mortgage market. Since 1987, RBS Greenwich Capital has helped mortgage lenders issue more than \$400 billion in asset-backed securities. As an underwriter on transactions involving more than \$183 billion of securities issued in 2004, GCM ranked as the industry's No. 1 underwriter of subprime mortgages and the top asset-backed sales organization. In 2005, GCM ranked No. 2 in the top ten subprime MBS underwriters. In both 2004 and 2005, GCM ranked No. 3 in the top ten non-agency MBS underwriters.

94. On March 8, 2008, it was reported in a *Stamford Tribune* article entitled “RBS Arm Involved in SEC Inquiry,” that RBS confirmed that its Greenwich Capital unit is part of a SEC probe into the collapse of the subprime market and has been order to turn over financial documents to the SEC regarding, *inter alia*, originations of mortgages, accounting, due diligence, sales and insider trading:

Feb 08, 2008 (The Stamford Advocate - McClatchy-Tribune Information Services via COMTEX) *The Royal Bank of Scotland has confirmed its Greenwich Capital unit is part of a Securities Exchange Commission probe into the collapse of the subprime mortgage market.*

The SEC has opened about three dozen inquiries, including those that involve major investment banks, according to recent published reports.

*Greenwich Capital, a top issuer of mortgage-backed securities in the subprime market, is based on Steamboat Road in Greenwich. The unit was asked by the SEC to hand over some of its financial documents, but RBS officials would not comment on the probe beyond that.*

“We will fully cooperate with the SEC or any regulators,” said Carolyn McAdam, a spokeswoman for RBS global headquarters in the United Kingdom.

The SEC will not confirm or deny any of the companies it is investigating, a spokesman for the commission said this week.

\* \* \*

The SEC opened its investigation in June, launching a dozen investigations into collateralized debt obligations linked to the plummeting value of subprime mortgages.

*The SEC is said to be looking at originations of mortgages, accounting, due diligence, sales of securities and insider trading.*

Recent published reports cite sources claiming the SEC investigation now is moving at a more vigorous pace.

(Emphasis added).

95. Further, in connection with the SEC probe into the collapse of the subprime market, as set forth above, on March 8, 2008, RBS confirmed that its Greenwich Capital unit had been ordered to turn over financial documents to the SEC regarding originations of mortgages, accounting, due diligence, sales and insider trading.

96. In connection with the GCM Offering, GCM failed to conduct meaningful due diligence, including in connection with the underwriting standards used to originate the Certificate collateral.

6. **BSC’s Forced Sale to Defendant JPM As a Result of MBS Exposure**

97. In 2005, *Inside Mortgage Finance* (“IMF”) ranked BSC the eighth largest mortgage securities issuer with \$66.52 billion in volume. That same year, BSC was fourth among the top non-agency MBS issuers and first among non-agency MBS underwriters with

\$64.587 billion in issuance and \$130.8 billion in underwriting. The following year, according to *IMF*, Bear Stearns was the seventh largest mortgage securities producer, with more than \$68 billion in volume; fifth largest non-agency MBS issuer with \$64.229 billion; and, third largest non-agency MBS underwriter with \$103.38 billion. In 2007, BSC won the distinction of the largest non-agency prime or Alt-A MBS underwriter with \$44.77 billion in issuance and the sixth largest underwriter of subprime MBS with \$14.2 billion in issuance.

98. From November 2007 to February 2008, BSC disclosed that its profits were down 80% as a result of its exposure to the mortgage crisis. In February 2008, Bear Stearns announced that its 2007 net income dropped from \$554 million in 2006 to \$115 million in 2007 with net revenues down 40%.

99. On March 14, 2008, JPMorgan acquired BSC in a “fire-sale” orchestrated by the Federal Reserve Bank of New York for two dollars per share. Although the price was raised to ten dollars per share a week later to appease angry investors, the price was still a far cry from the more than \$148 per share BSC stock was trading at a year earlier.

100. On March 16, 2008, the *New York Times* published an article entitled “Rescue Me: A Fed Bailout Crosses a Line,” in which the innocence of BSC and EMC was questioned:

... [A]s one of the biggest players in the mortgage securities business on Wall Street, Bear provided munificent lines of credit to public-spirited subprime lenders like New Century (now bankrupt). It is also the owner of EMC Mortgage Corporation, one of the most aggressive subprime mortgage servicers out there.

Bear’s default rates on so-called Alt-A mortgages that it underwrote also indicates that its lending practices were especially lax during the real estate boom. As of February, according to Bloomberg data, 15 percent of these loans in its underwritten securities were delinquent by more than 60 days or in foreclosure. That compares with an industry average of 8.4 percent.

101. On June 20, 2008, *The New York Times* published an article entitled “Prosecutors Build Bear Stearns Case on E-Mails” in which Bear Stearns management revealed its knowledge about the worsening subprime market.

In the spring of 2007, as the mortgage market came unglued, two Bear Stearns executives shared their growing fears in a series of e-mail messages to each other about the perilous condition of the giant hedge funds they oversaw. “I’m fearful of these markets,” one wrote.

*The other said later, “Believe it or not — I’ve been able to convince people to add more money.” He concluded that “I think we should close the funds now.”*

*But three days later, the pair...presented an upbeat picture to worried investors without disclosing that the two funds were plummeting in value....*

(Emphasis Added).

102. In connection with the BSC Offering, BSC conducted substandard and deficient due diligence, including in connection with the underwriting standards used to originate the Certificate collateral.

**Disclosures of True Deficient Lending Practices  
Underwriter Lapses and High Certificate Collateral  
Delinquency Rates Result in Certificates Collateral Downgrades**

103. As set forth above, throughout early 2008, GMAC, in an attempt to bolster outlook on ResCap’s financial condition, provided three massive capital infusions its subsidiary in order to quell doubts as to its viability. Such infusions did not slow the decline of the largest privately held U.S. home lender, and on April 18, 2008, ResCap borrowed an additional \$468 million from the Company’s credit line from GMAC. On April 24, 2008, S&P lowered its ratings on ResCap by two notches from B to CCC+. In addition, Moody’s expressed its concern that ResCap would falter on a \$1.75 billion bank loan due to mature in July 2008 and an \$875 million revolving credit facility that matures in June 2008. Prior to April 24, 2008, Moody’s rating on ResCap was Caal, which connotes debt that is “subject to very high credit risk.”

104. Furthermore, significant increases in borrower delinquencies, defaults and foreclosure with respect to the underlying collateral skyrocketed – to as high as over 73% of the remaining collateral balance for one of the Offerings. Over these revelations and concerns, the Ratings Agencies drastically downgraded the credit ratings assigned to the RAMP Certificates in early 2009.

105. As a result of the above disclosures and the Rating Agency “reassessment” of the collateral underlying the Offerings, the value of the Certificates has substantially collapsed. The Carpenters Fund’s investment in RAMP Certificates has declined by over 67% to date - from **\$50,000.00** at the time of the RAMP Series 2007-RZ1 Offering to **\$16,317.81** at the time this action was commenced.

### **CAUSES OF ACTION**

#### **COUNT I**

##### **Violation of Section 11 of The Securities Act (Against All Defendants)**

106. Plaintiff repeats and realleges each and every allegation contained above.

107. This claim is brought by Plaintiff pursuant to Section 11 of the Securities Act and asserted on behalf of all other members of the Class who purchased or acquired RAMP Certificates on or traceable to the Offering.

108. Defendant RAMP is the registrant for the Offerings and filed the Registration Statement and Prospectuses as the issuer of the RAMP Certificates, as defined in Section 11(a)(1) of the Securities Act.

109. The Individual Defendants were officers and/or directors of RAMP at the time the Registration Statement filed in connection with the Offerings became effective, and at the time of the issuance of the Prospectuses, and with their consent were identified as such therein. The

Individual Defendants are liable for the misstatements and omissions in the Registration Statement alleged herein under Section 11(a)(1) of the Securities Act.

110. The Underwriter Defendants served as the Underwriters for the Offerings and each qualify as such according to the definition in Section 2(a)(11) of the Securities Act, 15 U.S.C. § 77b(a)(11). As such, the Underwriter Defendants participated in the solicitation, offering, and sale of the RAMP Certificates to the investing public pursuant to the Registration Statement and the Prospectuses.

111. The Registration Statement and the Prospectuses, at the time they became effective, contained material misstatements of fact and omitted facts necessary to make the facts stated therein not misleading, as set forth above. The facts misstated and omitted would have been material to a reasonable person reviewing the Registration Statement and the Prospectuses.

112. The Defendants did not make a reasonable investigation and perform due diligence and did not possess reasonable grounds for believing that the statements contained in the Registration Statement and Prospectuses were true, did not omit any material fact, and were not materially misleading.

113. Plaintiff and the other Class members did not know, and in the exercise of reasonable diligence, could not have known of the misstatements and omissions contained in the Registration Statement and the Prospectuses.

114. Plaintiff and other Class members sustained damages as a result of misstatements and omissions in the Registration Statement and the Prospectuses, for which they are entitled to compensation.

115. Plaintiff brought this action within one year after the discovery of the untrue statements and omissions, and within three years after the Offering.

**COUNT II**

**Violation of Section 12(a)(2) of the Securities Act  
(Against the Underwriter Defendants)**

116. Plaintiff repeats and realleges each and every allegation contained above.

117. This Count is brought pursuant to Section 12(a)(2) of the Securities Act on behalf of the Class, against the Underwriter Defendants.

118. By means of the Registration Statement and Prospectuses, and by using means and instruments of transportation and communication in interstate commerce and of the mails, the Underwriter Defendants sold RAMP Certificates to Plaintiff and other members of the Class.

119. The Underwriter Defendants each successfully solicited these purchases, motivated at least in part by their own financial interest. The Underwriter Defendants each reviewed and participated in drafting the Prospectuses. Through ensuring the successful completion of the Offerings, the Underwriter Defendants obtained substantial underwriting fees.

120. The Registration Statement and the Prospectuses, at the time they became effective, contained material misstatements of fact and omitted facts necessary to make the facts stated therein not misleading, as set forth above. The facts misstated and omitted would have been material to a reasonable person reviewing the Registration Statement and the Prospectuses.

121. The Underwriter Defendants, as “sellers,” owed to the purchasers of the RAMP Certificates, including Plaintiff and other Class members, the duty to perform due diligence and make a reasonable and diligent investigation of the statements contained in the Registration Statement and the Prospectuses, to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. The Underwriter Defendants knew of, or in the exercise of reasonable

care should have known of, the misstatements and omissions contained in the Offering Documents as set forth above.

122. Plaintiff and other members of the Class purchased or otherwise acquired RAMP Certificates pursuant to the defective Registration Statement and Prospectuses. Plaintiff did not know, or in the exercise of reasonable diligence could not have known, of the untruths and omissions contained in the Registration Statement and the Prospectuses.

123. Plaintiff, individually and representatively, hereby offers to tender to Defendants those securities which Plaintiff and other Class members continue to own, on behalf of all members of the Class who continue to own such securities, in return for the consideration paid for those securities together with interest thereon. Class members who have sold their RAMP Certificates are entitled to rescissionary damages.

124. By reason of the conduct alleged herein, the Underwriter Defendants violated, and/or controlled a person who violated Section 12(a)(2) of the Securities Act. Accordingly, Plaintiff and members of the Class who hold RAMP Certificates purchased pursuant and/or traceable to the Offerings have the right to rescind and recover the consideration paid for their RAMP Certificates and hereby elect to rescind and tender their RAMP Certificates to the Defendants sued herein. Plaintiff and Class members who have sold their RAMP Certificates are entitled to rescissionary damages.

**COUNT III**

**Violation of Section 15 of The Securities Act  
(Against the Individual Defendants and Underwriter Defendants)**

125. Plaintiff repeats and realleges each and every allegation contained above.

126. This claim is brought by Plaintiff pursuant to Section 15 of the Securities Act and asserted on behalf of all Class members who purchased or acquired RAMP Certificates in the Offerings.

127. The Individual Defendants at all relevant times participated in the operation and management of RAMP and the RAMP Trusts, and conducted and participated, directly and indirectly, in the conduct of RAMP and the RAMP Trusts' business affairs.

128. As officers and/or directors of RAMP, the Individual Defendants had a duty to disseminate accurate and truthful information in the Registration Statement and the Prospectuses.

129. Defendant RAMP is the parent and sole-owner of the RAMP Trusts, and at all relevant times participated in the operation and management of the RAMP Trusts, and conducted and participated, directly and indirectly, in the conduct of the Trusts' business affairs.

130. As set forth above, it is alleged that the Registration Statement and Prospectuses issued in connection with the RAMP Offerings contained material misstatements of fact, and omitted facts necessary to make the facts contained therein not misleading, in violation of Sections 11 and 12 of the Securities Act.

131. Because of their positions of control and authority as senior officers and directors of RAMP, the Individual Defendants were able to, and did, control the contents of the Registration Statement and Prospectuses which contained material misstatements of fact and omitted facts necessary to make the facts stated therein not misleading. The Individual

Defendants were therefore “controlling persons” of RAMP within the meaning of Section 15 of the Securities Act.

132. The Underwriter Defendants, by virtue of their control, influence, participation and solicitation of offers to purchase the Certificates and specific acts set forth above were, at the time of the wrongs alleged herein, controlling persons of RCC, RFC, RAMP and the Issuing Trusts within the meaning of Section 15 of the Securities Act. The Underwriter Defendants had the power to influence, and exercised that power and influence, to cause RCC, RFC, RAMP and the Issuing Trusts to engage in violations of the Securities Act, as described above.

133. Plaintiff and other Class members purchased RAMP Certificates issued pursuant to the Offerings. The Offerings was conducted pursuant to the Registration Statement and the Prospectuses.

134. The Registration Statement and Prospectuses, at the time they became effective, contained material misstatements of fact and omitted facts necessary to make the facts stated therein not misleading. The facts misstated and omitted would have been material to a reasonable person reviewing the Registration Statement and the Prospectuses.

135. Plaintiff and the Class did not know, and in the exercise of reasonable diligence, could not have known of the misstatements and omissions in the Registration Statement and the Prospectuses.

136. Plaintiff and the Class have sustained damages as a result of the misstatements and omissions of the Registration Statement and the Prospectuses, for which they are entitled to compensation.

137. Plaintiff brought this action within one year after the discovery of the untrue statements and omissions, and within three years after the Offerings.

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

- A. Determining that this action is a proper class action;
- B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;
- D. Awarding rescission or a rescissory measure of damages; and
- E. Awarding such additional equitable, injunctive or other relief as deemed appropriate by the Court.

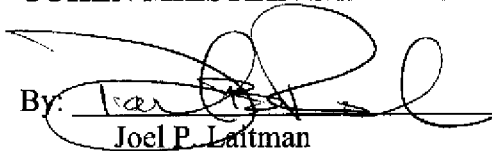
**JURY DEMAND**

Plaintiff hereby demands a trial by jury

Dated: July 28, 2009

Respectfully submitted,

**COHEN MILSTEIN SELLERS & TOLL PLLC**

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*Counsel for Plaintiff and the Proposed Class*

CERTIFICATION OF RAMP  
SECURITIES CLASS ACTION COMPLAINT

I, George R. Laufenberg, Jr., hereby certify that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the Administrative Manager of the New Jersey Carpenters Vacation Fund (the "Fund").

2. I have reviewed the complaint filed in this case (the "Complaint"), and authorize the filing thereof.

3. The Fund is willing to serve as a representative party on behalf of the Class (as defined in the Complaint), including providing testimony at deposition and trial, if necessary.

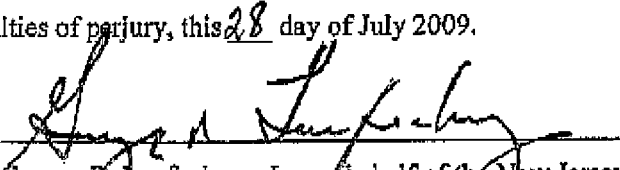
4. During the Class Period (as defined in the Complaint), the Fund purchased and/or sold the security that is the subject of the Complaint as set forth on the attached.

5. The Fund did not engage in the foregoing transactions at the direction of counsel or in order to participate in any private action arising under the Securities Act of 1933 (the "Securities Act") or the Securities Exchange Act of 1934 (the "Exchange Act").

6. During the three-year period preceding the date of my signing this Certification, the Fund has not served nor sought to serve as a representative party on behalf of a class in any private action arising under the Securities Act or the Exchange Act, except in: *New Jersey Carpenters Vacation Fund, et al. v. The Royal Bank of Scotland Group, plc, et al.*, Civ. No. 08-5093 (HB) and *New Jersey Carpenters Health Fund, et al. v. Residential Capital, LLC, et al.*, Civ. No. 08-8781 (HB).

7. The Fund will not accept any payment for serving as a representative party on behalf of the Class beyond its pro rata share of any possible recovery except for an award, as ordered by the court, for reasonable costs and expenses directly relating to their representation of the Class.

Signed under the penalties of perjury, this 28 day of July 2009.

  
George R. Laufenberg, Jr., on behalf of the New Jersey Carpenters Vacation Fund

**SCHEDULE A**

<b><u>DATE</u></b>	<b><u>TRANSACTION</u></b>	<b><u>PRICE PER UNIT</u></b>
02/22/2007	Purchase -- 50,000 units of Residential Asset Mortgage Products, Inc. Mortgage Pass-Through Certificates Series 2007-RZ1, Class A2	\$ 1.0000