



CLIENT SUCCESSES

Resolution Without Trial

Confidential

Situation

Our firm's client is a financial institution that made a loan to an individual to buy a house. The borrower alleged that the financial institution misstated certain information in violation of Federal regulations. The records show that there were, in fact, technical errors made in disclosures to the borrower. The attorney for the borrower threatened to sue the financial institution in federal court. The potential damages were substantial.

Solution

Our first step was to carefully review the regulations that the financial institution was accused of violating. Our analysis disclosed that there was an exception in the regulations for the particular transaction and that the statute of limitations had expired. We advised the attorney that there appeared to be no basis for a claim against the financial institution. The attorney admitted that the regulations did not cover the particular situation and then threatened to file a suit under various state laws. We prepared an analysis of potential damages which we shared with the attorney for the borrower. Our analysis demonstrated that even if the financial institution had made technical misstatements the borrower did not sustain any significant damages that would justify litigation.

Result

The borrower abandoned the claim. The result demonstrates that in commercial disputes early analysis of the law and facts can help to avoid expensive litigation.