

# MORTGAGE-BACKED SECURITIES

A Pangea3 Case Study

LITIGATION

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## HOW A GLOBAL BANK PUT ITS COMPLEX MBS DOCUMENT REVIEW IN THE HANDS OF EXPERTS

**What do you do when you have millions of complex financial documents to review and a tight production schedule?**

In the wake of the 2008 subprime mortgage crisis it's not uncommon for global banks to handle multiple mortgage-backed securities related lawsuits. As the statute of limitations nears the end for state and federal claims, banks are facing a growing wave of these lawsuits, often with staggering amounts of complex financial documents to be reviewed. In addition to the complexity and sheer number of documents, securities litigators and their outside counsel also face tight production schedules and the risk of judicial or regulatory sanctions if there are issues with the quality of the review.

In this case, our client was a large global financial services company that provides banking, investment banking and asset management services. As the steady flow of litigation and regulatory investigations it was undergoing intensified, the client needed an experienced partner for its increasingly complex document review projects. An ideal partner would understand its business and the nuances of the financial documents that needed to be reviewed, and be



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able to scale to meet its extraordinary needs.

### THE CHALLENGE

The client turned to Pangea3 document review solutions, and specifically our MBS Taskforce, to aid in several of its mortgage-backed securities related suits. In this case the client faced a fraud lawsuit from two companies each alleging that the client misrepresented: the quality of the pooled mortgages; the underwriting standards used by the originators who issued the mortgages; and the level of due diligence that the client performed prior to purchasing the loans.

As an added challenge, the client had two million documents to be reviewed and aggressive production deadlines. Neither the client nor its outside counsel had the internal capacity to handle the volume of documents that needed to be reviewed, categorized and produced to the court.

### THE PANGEA3 SOLUTION: MBS TASKFORCE

Selecting from its pool of permanent document reviewers, Pangea3 provided the client with a



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team of forty dedicated attorneys who were well versed in financial documents and the client's business, who understood the complex nature and subject matter of the litigation, and who could subsequently apply their knowledge to the various documents that were being reviewed.

The document review project was led by a seasoned U.S. securities litigator based full-time in India, with extensive experience managing complex federal and state litigation at an Am Law 200 firm. He was responsible for the overall management of the document review project including MBS-specific training and was the lead point of contact for the client and its outside counsel.

Using documented processes, the team created a detailed production schedule that gave the client complete visibility into the dates on which Pangea3 would send the reviewed documents and employed Six Sigma methodologies to ensure quality. Finally, to aid in the transparency of the review project, the team created a structured communication process which included weekly calls and regular email communications with the client.

#### **HANDLING BUMPS IN THE ROAD**

Litigation is notoriously unpredictable and when the inevitable obstacles arose, Pangea3 was able to meet the client's needs without slowing the production of the documents or the quality of the review.

#### **Emergency Scalability**

During the course of the review, the Court accelerated an intermediary production deadline which meant the documents needed to be produced under a very tight schedule. Returning to its large pool of experienced document reviewers in the taskforce, Pangea3 was able to meet the new production schedule by doubling the review team size in a matter of days.

#### **Complex Workflow Simplified**

When the Court required the client to produce multiple sets of documents for each plaintiff instead of a single set of documents for both, Pangea3 altered its workflow process to accommodate the need to review two separate datasets by dividing the overall review team into

two teams, each reviewing different datasets. To ensure a smooth continual flow of produced documents, the workflow was arranged so that the documents were reviewed consecutively and in advance of the Court deadlines, which enabled the outside counsel to review the documents and prepare for production.

#### **Identifying Key Documents for Outside Counsel for Deposition Preparation**

As the production of documents continued, the outside counsel began to prepare for the deposition stage in the litigation. In this phase it was important for the outside counsel to review all relevant documents from the custodial datasets, especially for the custodians who were being deposed.

In addition to the important documents Pangea3 identified throughout the course of the review, the team added special concept searches in the deposed datasets to identify relevant documents. Pangea3 provided detailed information about all the relevant documents to outside counsel well in advance of the depositions - giving outside counsel enough time to review the documents and prepare for the depositions.

#### **CONCLUSION**

The client and Pangea3 were able to successfully handle all the bumps in the road - meeting all aggressive production deadlines for the millions of documents that needed to be reviewed, successfully and cost-effectively.

