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Vega expert Dr. Ethan Cohen-Cole was retained by Davis Polk & Wardell LLP, counsel for defendant Morgan Stanley Mortgage Capital Holdings LLC, as successor to Morgan Stanley Mortgage Capital Inc., to provide an opinion regarding alleged breaches of representation and warranties (“R&Ws”) in the loans underlying the MSM 2006-14SL and MSM 2007-4SL RMBS trusts. Specifically, Dr. Cohen-Cole determined whether the alleged breaches, if true, would have resulted in a statistically significant increase in the risk for a given loan.

Dr. Cohen-Cole calculated and compared the risk profiles for loans identified by the opposing expert as materially breaching the R&Ws from MSM 2006-14SL and MSM 2007-4SL under two different scenarios: the *baseline scenario* (reflective of the risk profile for a given loan as it was represented on the mortgage loan schedule) and the *Plaintiffs’ claims scenario* (reflective of the risk profile for the same loan incorporating the alternative loan characteristics put forth by the opposing expert). Based on his analyses, Dr. Cohen-Cole concluded that, for 82.75% of loans in MSM 2006-14SL and 86.78% loans in MSM 2007-4SL that the opposing expert offered alternative loan characteristics, the risk profile in the *baseline scenario* could not be distinguished from, or was less risky than, the risk profile in the *Plaintiffs’ claims scenario*.

Plaintiffs moved to exclude this testimony on several grounds, and the Court denied the motion to exclude from the bench. The case settled.

About Vega Economics

Vega Economics provides economic consulting and expert testimony in all phases of complex litigation and regulatory proceedings. We work with an extensive network of academic and industry professionals that provide support in a variety of practice areas. We always pair the best suited consultant or expert witness for each case. For additional inquiries, please contact info@vegaeconomics.com.