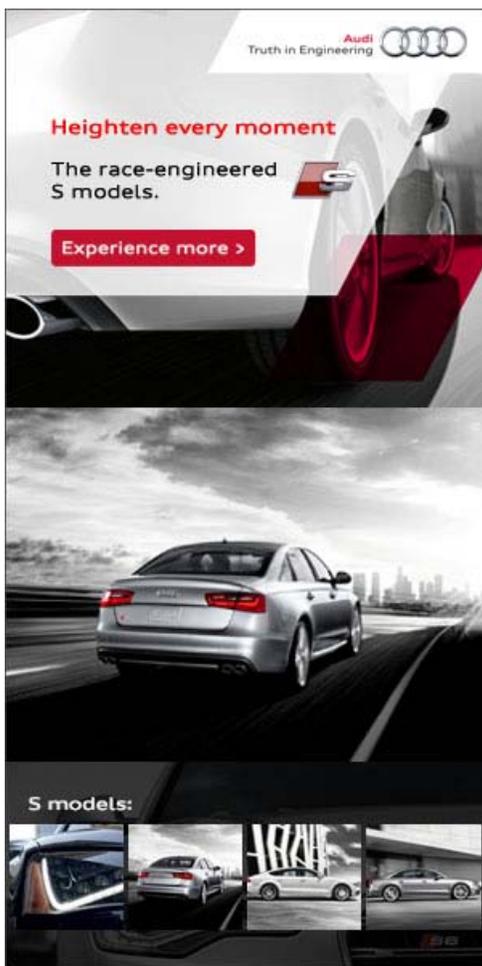


ARTICLE



PRESS RELEASE:

Merrill Lynch Slammed With \$1.33 Million Verdict Over Fannie Mae Preferred Stock, Says Sonn & Erez

* Reuters is not responsible for the content in this press release.

Tue Oct 16, 2012 5:22pm EDT

FORT LAUDERDALE, Fla., Oct. 16, 2012 (GLOBE NEWSWIRE) -- The nationally recognized securities law firm of Sonn | Erez announced today that Merrill Lynch has been slammed with an award of \$1,336,463 in favor of two former customers that alleged wrongdoing in connection with Merrill Lynch's solicitation of the purchase of Fannie Mae bonds in July, 2008, just before the US Government placed Fannie Mae in conservatorship and stopped all preferred dividend payments to buyers of Fannie Mae preferred stock (See FINRA Case No. 11-019048, *Billings vs. Merrill Lynch*).

"This award is significant in part because it involves Fannie Mae preferred stock, of which billions of dollars' worth were sold to investors all over the country," said Jeff Erez, a partner in Sonn & Erez and the trial attorney for the Billings. "We have learned that many retirees, like our clients, were pitched to buy Fannie Mae preferred stock as a 'safe' fixed income investment, which we think the evidence shows is false," added Erez. "Fannie Mae had significant financial problems, and even Merrill Lynch removed Fannie Mae from its 'Recommended Preferred List' of preferred stocks before it was recommended to my clients; therefore, we believe our clients were duped into believing it was a safe investment, but in fact was a risky investment," said Erez. "Any brokerage firm that pitched Fannie Mae as a safe, fixed income investment in 2008 failed their clients, in our opinion," added Jeff Sonn, of Sonn & Erez.

This arbitration award is also significant due to the fact that the arbitration panel made a finding that "Respondent [Merrill Lynch] is found liable for breach of fiduciary duty." The case centered around the Billings' allegations, among other things, that Merrill Lynch had recommended the purchase of Fannie Mae preferred shares as a "safe" investment, that the "U.S. Government 'stands behind' Fannie Mae" and that the Billings would not be charged a commission on the purchase. The Billings further alleged in their FINRA arbitration complaint that Merrill Lynch breached its fiduciary duty by failing to disclose to the Billings dire warnings about Fannie Mae, including but not limited to:

Billings to purchase Fannie Mae, Merrill Lynch downgraded its rating on Fannie Mae common stock to a "SELL" (a total return expectation within a 12 month period of a negative return). Merrill Lynch also ascribed a High Volatility Risk Rating to Fannie Mae

- o In February 2008, Goldman Sachs and Merrill Lynch cut their rating on Fannie Mae to a "Sell", a rare action by brokerage firms;
- o On March 10, 2008, Barron's reported that, "Its balance sheet is larded with soft assets and understated liabilities that would leave the company ill-equipped to weather a serious financial crisis. And spiraling mortgage defaults and falling home

Login or register

Latest from My Wire

Follow Reuters

Facebook
 Twitter
 RSS
 YouTube

RECOMMENDED VIDEO

Japanese airline, ANA, apologises for plane flip (1:01)



South Korean "super gun" packs hi-tech killing power...



Obama recaptures lead over Romney in new poll - Daily...



Getting the End of the World Right: Astrophysicists... (The Credits)



Why Richard Branson Gave \$400,000 to an 18-Year-Old (OPEN Forum) [?]

prices could bring a tsunami of credit losses over the next two years that will severely test Fannies' solvency.

- o On July 11, 2008, the New York Times reported that the government was considering a plan to place Fannie Mae in conservatorship and that, "Under conservatorship, the shares of Fannie and Freddie would be worth little or nothing..."
- o On July 15, 2008, Moody's downgraded Fannie Mae preferred stock rating and is "raising the possibility that preferred stockholders could also lose, saying the companies' diminished 'financial flexibility' may lead to a potential suspension of preferred stock dividends."
- o On July 16, 2008, Merrill Lynch removed Fannie Mae preferred shares from its "Recommended Preferred List" due to ongoing significant concerns about the company.

In a unanimous verdict, the three arbitrators found Merrill Lynch liable for breach of fiduciary duty, and awarded the Billings a combined \$1.33 million award.

This is the latest in a long string of victories for Sonn & Erez, representing customers who have lost money due to the negligence, fraud or breach of fiduciary duty by financial advisors, stockbrokers brokerage firms and insurance companies, recovering millions of dollars for investors.

For more information about this case or other investment loss related issues please contact one of the attorneys at Sonn & Erez. Sonn & Erez is a nationally recognized securities firm representing individual and institutional investors who are victims of financial advisor negligence, fraud, Ponzi schemes, and other investment related losses. For more information, please contact Jeffrey Sonn or Jeffrey Erez at 1-866-372-8311.

The Sonn & Erez PLC logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=11383>

CONTACT: Jeffrey Sonn, Esq.
Jeffrey Erez, Esq.
Sonn & Erez PLC
500 East Broward Blvd., Suite 1700
Fort Lauderdale, FL 33394
954-763-4700
www.sonnerez.com

MOST POPULAR

READ

- 1 [Obama takes offensive against Romney in debate rematch](#)
2:46am EDT
- 2 [Obama's pitch to women puts Romney on defense](#)
8:56am EDT
- 3 [UPDATE 1-Obama's pitch to women puts Romney on defense](#)
8:54am EDT
- 4 [UPDATE 1-Obama takes Romney to task on Libya in smack-down moment](#)
1:31am EDT
- 5 [Analysis: Obama regains his footing in feisty second debate](#)
9:04am EDT

DISCUSSED

- 165 COMMENTS [Democrats frustrated by Obama's "Big Bird" campaign turn](#)
- 138 COMMENTS [Biden and Ryan in high-stakes election debate](#)
- 96 COMMENTS [Jobless claims fall to lowest in four and a half years](#)

Comments (0)

This discussion is now closed. We welcome comments on our articles for a limited period after their publication.

ADS BY MARCHEX



These Penny Stocks Are HOT!
Stop investing in overvalued IPO's. Start investing in fast moving penny stocks!
www.rocketalerts.com



Planning for Retirement?
\$500,000 portfolio? Download the guide by Forbes Columnist Ken Fisher's firm.
www.FisherInvestments.com



The Hottest Penny Stocks!
Looking For Hot Penny Stock Picks Ready To Make a Huge Move? Look No Further...
www.rocketalerts.com



Find A Financial Planner
Get Expert Advice Tailored To Your Goals With A CFP® Professional.
letsmakeaplan.org

[Buy a Link Now](#)

SPONSORED LINKS



Das Auto.

Watch Your VW Story
Watch stories from Volkswagen owners at whyvw.com now!



Das Auto.

Volkswagen Stories
It's not the miles, it's how you live them.
Watch your VW story now!

Mortgage Rates Hit 2.90% APR