

My name is Stuart Rossman and I am the Director of Litigation at the National Consumer Law Center, a 43 year old public interest non-profit organization dedicated to representing the interests of low income and elderly consumers. We are recognized experts in a broad range of state and federal consumer protection laws and how they apply in the marketplace, including our analyses of the inner workings of the residential mortgage market and how the incentives of various financial players created the current mortgage foreclosure crisis.

Throughout our existence we have operated pursuant to the core philosophy that economic justice is a civil right. We have a long-standing commitment to fighting marketplace injustices aimed at families and communities of color. For example, our groundbreaking litigation challenging discrimination in the auto finance and sub-prime mortgage lending industries directly tackled practices and policies that drained billions of dollars from communities of color.

Economic justice as a civil right also is at the core of the Fair Housing Act and the Equal Credit Opportunity Act, the federal laws that we claim Morgan Stanley violated. In passing these acts, Congress recognized and sought to remedy the economic effects of this country's unfortunate history of discrimination by forbidding discrimination in any aspect of residential real estate transactions or credit transactions.

These two laws place the burden on Morgan Stanley to make sure that its practices and policies provide a level playing field for all consumers. Congress recognized that it is not enough to just outlaw overt racism, like refusing to sell a home or give a mortgage to an African American family because of their race. But it also is necessary to monitor all practices and policies, even those that appear neutral on their face, to ensure that they do not perpetuate or magnify historical patterns of discrimination when actually implemented.

Morgan Stanley provided up front funding and dictated the terms of the high cost, high risk, high rate of return loans it wanted from mortgagees like New Century for its securitized pools of mortgage debt. It didn't care where the loans came from or who was affected as long as their insatiable desire for ever-increasing profit margins was fulfilled. Who ever would buy such toxic products? Only someone who had no other choice! Ultimately, it was the minority residents of the historically segregated Metro-Detroit area who had been subjected to decades of housing and lending discrimination and had fewer alternative sources of credit in an uncompetitive marketplace that became the inevitable targets for the high cost mortgages with unreasonably high foreclosure rates.

Today we seek to have the Court enjoin Morgan Stanleys' policies that caused this discriminatory impact and to force the company to give up the unjust enrichment it earned from its practices. These remedies will help all consumers, not just the victims of discrimination, in the Detroit area by holding Morgan Stanley responsible for the destructive financial products it unleashed in the community.

I would like to close my statement by explaining one of the reasons that we chose to file this suit in New York instead of in Detroit. We wanted to bring this controversy right to Morgan Stanley's doorstep on Wall St.

For years the plaintiffs and their neighbors in Detroit have been invisible to Morgan Stanley. For decades they were ignored, shut off from access to credit and denied reasonable financial resources to build their assets.

Then when it became possible for toxic loan products to be bundled into pools of securities in order to earn egregious profits, Morgan Stanley used its enormous power to market the high cost mortgages without ever having to engage the customers who had them foisted upon them by having mortgagees like New Century do their dirty work for them. The homeowners never even knew that Morgan Stanley was the hidden force behind their transactions.

Finally, when the collapse of the real estate market wrecked havoc on Detroit's neighborhoods, Morgan Stanley acted with impunity as if it had no responsibility or obligation to the people whose homes were lost, whose communities were destroyed and whose savings were pilfered.

So we have decided to enter the belly of the beast, to bring the ramification of its policies home to Morgan Stanley.

That is why Rubbie McCoy and the other named plaintiffs are here to confront Morgan Stanley with the tremendous harm they have caused them.

That is why their neighbors in the proposed class are here to demand justice for their decimated communities in metropolitan Detroit.

That is why this case has been filed here to hold Morgan Stanley legally liable for its avaricious practices.

They are real.

They are visible

They will not be ignored any more.

Thank you.