

## SEC Dismisses Claims Against WilmerHale Clients

FEBRUARY 6, 2017

On February 3, the US Securities and Exchange Commission (SEC) dismissed with prejudice the remaining claims against two former mortgage-lending officials in a financial crisis-related lawsuit on the eve of a retrial. The significant victory came after a team of WilmerHale litigators persuaded an Albuquerque, New Mexico-based jury to clear the two executives, Larry A. Goldstone and Clarence G. Simmons, III, of half of the 10 charges against them in July 2016, while deadlocking on the remaining charges.

“We are grateful that the Commission made the determination to drop the final charges,” said Los Angeles office Partner-in-Charge [Randall Lee](#), who led the defense team along with Partner [Heather Nyong'o](#).

Santa Fe, New Mexico-based Thornburg Mortgage was the second-largest independent mortgage company in the United States prior to the financial crisis, but it eventually went bankrupt in 2009. The SEC began its investigation in 2008, and filed its lawsuit against the executives in 2012. The original lawsuit included claims of fraud and auditor deception. Mr. Goldstone was the chief executive officer of Thornburg Mortgage, while Mr. Simmons was its chief financial officer.

Last July, a jury found in favor of the executives on five counts, and deadlocked, at 11-1 in favor of the defense, on the five remaining counts after a three-week trial. It was the SEC's first loss in a trial in 2016.

The SEC chose to pursue a retrial of two of the remaining claims after the jury's verdict. A retrial on those two claims was set to begin on February 21, 2017, prior to the filing to drop the charges.

“The SEC's decision confirms what we have maintained for the past nine years—that our clients acted in good faith at all times by ensuring that Thornburg Mortgage fully and transparently disclosed the company's financial condition and the challenges it faced as the financial crisis mounted,” said Lee. “Though it took nine long years to reach this moment, we're thrilled that our clients have finally been vindicated in full.”