

US: Subprime crisis claims another victim



On 11 January, Friedman, Billings, Ramsey Group, Inc. ("FBR Group") announced that First NLC Financial Services, LLC ("FNLC"), FBR Group's mortgage origination subsidiary, will liquidate its assets as a result of the continued deterioration of the non-prime market.

To effectuate its orderly liquidation, First NLC will file a voluntary petition for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. FNLC's senior secured lender supports the orderly wind-down of FNLC's business.

In addition, FBR Group announced that it would not close the previously disclosed recapitalisation and sale of FNLC. As previously disclosed, FBR Group has taken steps to limit its ongoing exposure to FNLC. In connection with the expected Chapter 11 filing, FBR Group does not expect to recover its remaining USD12 million investment in FNLC.