Interpretation No. 14 *Reasonable Estimation of the Amount of a Loss* ("FIN 14"), SEC Financial Reporting Release No. 28 ("FRR 28"), and Statement of Financial Accounting Standards No. 65, *Accounting for Certain Mortgage Banking Activities* ("FAS 65") set forth the standards of financial accounting and reporting for loan loss reserves.

62. Additionally, the AICPA issues industry-specific Audit & Accounting Guides to provide guidance in preparing financial statements in accordance with GAAP. The Audit and Accounting Guide for Depository and Lending Institutions ("AICPA Audit and Accounting Guide") was applicable to Corus. The AICPA also issues Audit Risk Alerts particularized by industry which address areas of concern and identify the significant business risks that may result in the material misstatement of the financial statements.

63. Corus was also required under GAAP to prepare its financial statements in accordance with the following fundamental accounting principles:

- The principle that financial reporting should provide information that is useful to present and potential investors and creditors and other users of the financial reports in making rational investment, credit, and similar decisions. (FASB Statement of Concepts No. 1, ¶34);

- The principle that financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and the effects of transactions, events, and circumstances that change resources and claims to those resources. (FASB Statement of Concepts No. 1, ¶40);

- The principle that financial reporting should provide information about an enterprise's financial performance during a period because investors and creditors often use information about the past to help in assessing the prospects of an enterprise. (FASB Statement of Concepts No. 1, ¶42);

- The principle that financial reporting should provide information about how management of an enterprise has discharged its stewardship responsibility to owners (stockholders) for the use of enterprise resources entrusted to it. (FASB Statement of Concepts No. 1, ¶50);

- The principle that financial reporting should be reliable in that it represents what it purports to represent. That information should be reliable as well as relevant is a notion that is central to accounting. (FASB Statement of Concepts No. 2, ¶¶58-59);

- The principle of completeness, which means that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions. (FASB Statement of Concepts No. 2, ¶79);

- The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered. (FASB Statement of Concepts No. 2, ¶95);

- The principle that revenues and gains should not be recognized until they are both earned and realizable. (FASB Statement of Concepts No. 5, ¶83); and

- The principle that if collectability of assets received for products, services, or other assets is doubtful, revenues may be recognized on the basis of the cash received. (FASB Statement of Concepts No. 5, ¶84).

DEFENDANTS CONCEALED IMPAIRMENTS AND LOSSES IN CORUS' LOAN PORTFOLIO IN VIOLATION OF GAAP

Summary

64. Corus' condo loans were rapidly deteriorating prior to and throughout the Class Period, yet defendants failed to recognize the losses in accordance with GAAP. Additionally, as alleged in greater detail herein, during the Class Period, defendants caused Corus to engage in the origination of inherently risky, low-quality loans for which its officers were being rewarded under the "New CLO Program" which was unveiled in 1Q08. Such lending was a key to Corus' overall growth in early 2008 (*i.e.*, originations for 1Q08 of $821 million were 156% higher than originations for 1Q07).

65. While the general risks of the loans associated with the deteriorating housing market was recognized by investors, defendants assured investors that Corus' projects were "***more desirable***" than other housing units and that the Company had a "***fortress-like balance sheet***" and was in a strong capital position and strong liquidity position. During 2008, however, defendants sacrificed quality for quantity of loans originated by originating riskier loans. Moreover, throughout the Class Period, default rates began to rise sharply at Corus, going from only one foreclosure in 2007 to eight by September 30, 2008 and 18 by December 31, 2008. Defendants, nevertheless,

repeatedly continued to tout Corus' strong financial statements, while failing to record adequate and timely loan loss reserves on Corus' portfolio of loans. Instead, defendants hid the mounting losses and risks associated with Corus' lending business from investors. As the market worsened, defendants were forced to disclose that those assets had been overvalued and under-reserved. Ultimately, at the end of the Class Period, Corus had to increase the ALL by four-fold, from 1.61% of loans as of December 31, 2007, to 6.641% as of December 31, 2008, and 8.14% as of March 31, 2009. The provision for credit losses increased to $637.5 million in 2008, almost ten times as much as was recorded in 2007. This essentially wiped out all the earnings Corus had reported for the previous five years. In accordance with GAAP and reflecting the already known risks and impairments to the loan portfolio, a substantial portion of these losses, however, should have been taken in the form of loan loss reserves beginning no later than December 2007. Had defendants complied with GAAP and properly accounted for the true value of the loan portfolio, the reported losses would have wiped out all of Corus' earnings and given investors a true picture of the Company's dire financial health.

Corus' High Risk Loan Portfolio Was Susceptible to Losses and Defendants Ignored Red Flags

66. Defendants were required, under GAAP, to take into account various portfolio attributes (*e.g.*, Corus' high concentration of condo construction loans, Corus' increases in charge-offs and foreclosures, etc.) in evaluating the possible impairment of Corus' loan portfolio and in the calculation of appropriate loan loss reserves at the end of each quarter. Defendants were also required to, under GAAP – and explicitly stated in their SEC filings that they did – assess various economic and industry trends when calculating the ALL. These trends, or red flags in this case, were ignored by defendants. The red flags include, but are not limited to, the following, all of which should have strongly indicated to defendants that the visibility and value of Corus' portfolio was impaired:

- From December 2006 to December 2007 to December 2008, charge-offs associated with Corus' portfolio increased exponentially from $2.6 million to $40.6 million to $410.1 million, respectively.

- From June 2007 through August 2007, condo sales in Las Vegas and Miami alone fell 46% and 29%, respectively, from the same three-month period the prior year, and speculation was growing that the once frothy condo market was past its peak.

- During the Class Period, Corus' construction loans originated during the housing frenzy were approaching maturity. An astonishing $3.96 billion of Corus' loans – about 90% of the Company's loans outstanding – were due for maturity or re-pricing by early to mid-2008. More than $2 billion of these condo loans were in South Florida alone. This meant that thousands of condo units planned during the robust housing years were due to enter a glutted market amid buyer cancellations, declining property values and a gridlocked mortgage market.

- As of December 31, 2007, Corus' noncurrent condo loans nearly quadrupled from a year earlier to $282.8 million.

- The number of foreclosures Corus was initiating was increasing rapidly, from only one foreclosure during 2007 (and Corus stated in the 2007 10-K that they anticipated commencing foreclosure procedures on three loans in early 2008) to eight loans by 3Q08 and eighteen loans by year end 2008.

- Corus' condo projects were not generating the expected sales.

- The value of the collateral on the loans was decreasing as the housing market was swiftly deteriorating, thus increasing the risk of credit loss for Corus.

Defendants Failed to Account for Declining Collateral Values

67. In calculating Corus' loan loss reserves, defendants were also required to consider the declining value of the collateral backing its loans. In assessing loans for impairment, Corus management should have identified loans for which it was probable that the Company would be unable to collect all amounts due according to the contractual terms of the loan agreements. It was then incumbent on management to evaluate the fair value of the underlying collateral to arrive at estimated impairment losses. As domestic property values collapsed, delinquencies and subsequent foreclosures in Corus' lending portfolio were more likely to, and did, result in significant losses. SAB 102 states:

> A registrant's loan loss allowance methodology generally should . . . [c]onsider current collateral values (less costs to sell).

EITF Topic No. D-80 states:

- In assessing whether loans are fully collateralized and thus whether there is a need for an allowance on those loans, institutions should consider the reliability and timing of appraisals or other valuations to ensure that the values used for any allowance calculations are realistically and reliably measured. An institution should ***ensure that an appraisal of collateral reflects a realistic estimate of fair value***, which takes into consideration the time it will take the institution to realize the value of the collateral and ***current market conditions for selling the collateral***.

68. Given that the value of the underlying assets of Corus' loans was dropping rapidly – so much so that defendants engaged in purchasing units at inflated prices in an attempt to increase comparable appraisals – market conditions required that defendants adjust Corus' ALL to reflect the default risks. Defendants, however, failed to timely adjust Corus' allowance or reassess the value of the Company's collateral assets.

DEFENDANTS VIOLATED GAAP

GAAP Provisions Violated by Defendants in Accounting for Loan Loss Reserves

69. During a November 2000 speech to the AICPA National Conference on Banks and Savings Institutions, the Deputy Chief Accountant of the SEC stated the following:

> In plain English, the allowance for loan losses must reflect, on a timely basis, the changes in the credit quality of an institution's loan portfolio. ***As credit quality deteriorates, the allowance should be adjusted upward in a timely fashion to reflect the additional losses that have been incurred.***

70. During the Class Period, Corus' ALL failed to cover the likely and estimable losses associated with the Company's $4+ billion portfolio of risky loans.

71. Section 9.19 of the Audit and Accounting Guide for Depository and Lending Institutions provides that financial institutions are responsible for "***maintain[ing] adequate controls to ensure the ALL is consistently determined in accordance with GAAP, stated policies and procedures, and relevant supervisory guidance***."

72. Section 9.04 of the same Accounting Guide for Depository and Lending Institutions also provides: "***Management is responsible*** for estimating credit losses . . . . [m]anagement must make careful judgments about collectibility and estimates of losses. ***Management's judgments should consider micro- and macro-economic factors; past, current, and anticipated events based on facts in evidence at the balance-sheet date***; and realistic courses of action it expects to take."

73. Under GAAP, a loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss. *See* SFAS 5, ¶1. The collectibility of loans is an example of a loss contingency. GAAP requires that an estimated loss from a loss contingency be accrued by a charge to income if both of the following conditions are met: (a) ***information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements; and (b) the amount of loss can be reasonably estimated***. *See* SFAS 5, ¶8.

74. Even if no accrual is made for a loss contingency because one or both of the above conditions of SFAS 5 are not met, or if an exposure to loss exists in excess of the amount accrued, defendants were still required to disclose the contingency when there is at least a "***reasonable possibility***" that a loss or an additional loss may have been incurred.[3] SFAS 5, ¶10. The disclosure shall indicate the nature of the contingency and shall give an estimate of the possible loss or range of loss or state that such an estimate cannot be made. *See* SFAS 5, ¶10.

75. Corus represented that it complied with GAAP, specifically SFAS 114. In its 2007 Form 10-K, Corus stated:

> In accordance with Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan," as amended ("SFAS 114"),

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[3] GAAP defines "[r]easonably possible" as "[t]he chance of the future event or events occurring is ***more than remote but less than likely***." SFAS 5, ¶3.

> Corus classifies loans as impaired if, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. As a practical matter, impaired loans are the sum of nonaccrual loans and any loans classified as troubled debt restructurings ("TDR"). A loan is classified as a TDR when management grants, for economic or legal reasons related to the borrower's financial condition, concessions to the borrower that management would not otherwise consider. A TDR may result from situations where the borrower is experiencing financial problems and expects to have difficulty complying with the original terms of the loan.

76. SFAS 114, ¶13 states:

> When a loan is impaired as defined in paragraph 8 of this Statement, a creditor shall measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, a creditor may measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. Regardless of the measurement method, a creditor shall measure impairment based on the fair value of the collateral when the creditor determines that foreclosure is probable. A loan is collateral dependent if the repayment of the loan is expected to be provided solely by underlying collateral. . . . If the present value of expected future cash flows . . . is less than the recorded investment in the loan (including accrued interest, net deferred loan fees or costs, and unamortized premium or discount), ***a creditor shall recognize an impairment by creating a valuation allowance with a corresponding charge to bad-debt expense*** . . . .

77. SFAS 114, ¶8 and EITF Topic D-80A clearly describe that an evaluation of loan impairment must be made in context of current information and events, stating in part:

> A loan is ***impaired*** when, ***based on current information and events***, it is ***probable*** that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. . . . ***[A]ll amounts due according to the contractual terms*** means that both the contractual interest payments and the contractual principal payments of a loan will be collected as scheduled in the loan agreement. . . .
>
> ***Existing "environmental" factors (for example, existing industry, geographical, economic, and political factors) should be considered as part of current information and events when assessing a loan*** that has been identified for evaluation under Statement 114. (Emphasis added and in original.)

In a hypothetical example included in EITF Topic D-80, the EITF described how current environmental factors, such as the "red flags" described herein, impact the evaluation of loan impairment in light of historical loss statistics. EITF Topic D-80 states in part:

> The bank would consider the effect of the current economic downturn to assess whether a loss has been incurred in that group of loans at the balance sheet date and to estimate the amount of loss. In doing so, the bank would consider its historical loss experience in collecting loans in similar situations, such as the typical recovery rate, including amount and timing. ***However, the use of historical statistics alone would be inappropriate if the nature of the loans or current environmental conditions differ from those on which the statistics were based.***

78. The Audit and Accounting Guide for Depository and Lending Institutions §9.37 further provides that a loan loss should be taken immediately upon origination if, as in Corus' case, loan credit procedures are inadequate or overly aggressive: "Generally, a loan would be impaired at origination only if a faulty credit granting decision has been made or loan credit review ***procedures are inadequate or overly aggressive, in which case, the loss should be recognized at the date of loan origination***."

SEC Rules Violated by Defendants in Accounting for Loan Loss Reserves

79. The SEC provides explicit guidance on the proper accounting for loan losses that defendants were required to follow, but did not. SAB 102 states in pertinent part:

> It is critical that loan loss allowance methodologies incorporate management's current judgments about the credit quality of the loan portfolio through a ***disciplined and consistently applied process***. . . . A registrant's loan loss allowance methodology generally should . . . ***[c]onsider all known relevant internal and external factors that may affect loan collectibility; . . .[c]onsider the particular risks inherent in different kinds of lending; [c]onsider current collateral values (less costs to sell) . . . [and] [b]e based on current and reliable data***.

80. SAB 102 also provides:

> Factors that should be considered in developing loss measurements include . . . ***[l]evels of and trends in delinquencies and impaired loans; [l]evels of and trends of charge-offs and recoveries; . . . [e]ffects of any changes in risk selection and underwriting standards, and other changes in lending policies, procedures, and practices; . . .[n]ational and local economic trends and conditions; [and] [i]ndustry conditions***.

81. The SEC further states:

> For many entities engaged in lending activities, ***the allowance and provision for loan losses are significant elements of the financial statements***. Therefore, the

> staff believes it is appropriate for an entity's management to ***review, on a periodic basis, its methodology for determining its allowance for loan losses***.

82. Corus failed to adequately record the ALL in order to overstate its earnings prior to and during the Class Period in violation of GAAP and SEC rules. Defendants knew the ALL was understated, in part due to their practices with respect to purchasing condo units at above market prices to distort the "comps," or comparable units sold, for appraisal purposes. Moreover, charge-offs had increased dramatically prior to the Class Period from $2.64 million in 2006, to $40.63 million in 2007. This was clearly an omen of problems to come.

THE TRUTH BEGINS TO BE REVEALED

83. On January 30, 2009, an article appeared in the *South Florida Business Journal* entitled "Affiliate of Corus buys units in condo project financed by bank." The article disclosed that Corus was using affiliated entities to purchase condos in Corus-funded projects. The article stated, in part:

> Banking analysts are wondering why the Chicagoans paid $5.5 million for four units.
>
> Not only did Fortune International get a $130 million loan from Corus Bank to build its Artech Residences at Aventura, but it can also thank its directors for a fourth of its unit closings and 42 percent of its sales to date.
>
> Colonnade Artech Owner, which is managed by four of the Chicago bank's executives, bought four units in the condo for a combined $5.5 million on Nov. 24, according to state and county court records. Miami-based Fortune has sold a total of 16 units for $13.3 million in the 235-unit Artech since it started closings in September.
>
> Fortune officials did not return several calls seeking comment, and neither did the executives at Miami-based Shefaor Development, a partner on the project. Corus Senior VP Brian Broduer, who signed a document releasing the four units from the Corus construction mortgage, declined comment.
>
> Corus had $1.38 billion in condo loans outstanding in South Florida as of Sept. 30.
>
> Last year, Corus said it repossessed the Tao condominium in Sunrise by gaining control of its developer, rather than through a foreclosure. The entity that

controls Tao is managed by Laguna Bay Marketing Corp., which shares the same Chicago address as Corus and has four of the bank's officials listed as directors.

Colonnade Artech Owners, which was incorporated on Nov. 10 has the same address, too, and lists Laguna Bay Marketing Corp. as its manager in state records.

A Corus executive did not respond to a query about whether Colonnade Artech is a subsidiary of the bank or its holding company, Corus Bankshares (NASDAQ: CORS).

"Why would a bank, which is not in the real estate business, want to own real estate? That doesn't make any sense," said Joaquin Urquiola, a partner with the Coral Gables-based accounting firm Goldstein Schechter Koch and a board member of Pacific National Bank in Miami. "I've heard stories where banks will do that to show that loans are performing, but that would require a more material number of units."

Urquiola said selling to Colonnade Artech might have helped the developer meet sales goals in one of its contracts, he said.

"Perplexed" by prices paid.

Condo Vultures Realty CEO Peter Zalewski said he's "perplexed" by the high prices Colonnade Artech paid for those units. It spent $481 a square foot for penthouse unit 512. A similar Artech unit listed for sale online had an asking price of $388 a square foot.

The three most expensive units bought at Artech were sold to Colonnade Artech. Those were also the first three units sold on the building's penthouse level.

"There are some real challenges associated with that building," Zalewski said. "The pricing makes it almost dysfunctional for the neighborhood."

Zalewski said Artech's surroundings are more like a working-class area.

He doesn't understand why an apparent Corus affiliate would buy those units unless it helped the developer meet a sales target it needed for a bulk sale or a refinancing.

Urquiola has another theory. Getting appraisals to match presale values has been a major challenge for many South Florida condo developers. If the appraisals come in too low, the buyer would qualify for less financing. Sales history is one of the most important factors in appraisals.

"Maybe, by showing units being sold at that price, there are current sales that can be shown as evidence to potential buyers that units are selling at that price," Urquiola said.

> Saying he's never seen a bank do something like this, Jack McCabe, CEO of Deerfield Beach-based McCabe Research and Consulting, said that influencing appraisals could have been a motive.
>
> "It doesn't make sense why they would go in and pay what would be considered a premium retail price at this point for any other reason," he said. "It would seem a logical reason that they are trying to yield appraisal support for as high a value as possible for future closings."

84. That same day, January 30, 2009, Corus released partial financial results for fiscal 2008 and announced for the first time that it had been ***engaged in discussions with bank regulators*** and "***may no longer be considered well-capitalized***." The Company reported a preliminary net loss of $260.7 million, or $4.85 per share, for the fourth quarter of 2008 and a net loss of $400.4 million, or $7.38 per share, for the 2008 fiscal year. The press release stated in pertinent part:

> The preliminary results do not include potential entries that could arise from subsequent adjustments relating to our commercial real estate loan portfolio. While we have completed internal assessments on the bulk of our portfolio, we have ordered, but not yet received, several appraisals. ***The appraisals are used as a basis for determining the value of the underlying collateral of our loans and significant variations between our internal assessments and the appraisals could have a material impact on our financial results***.
>
> * * *
>
> Corus is suffering from the extraordinary effects of what may ultimately be the worst economic downturn since the Great Depression. The effects of the current environment are being felt across many industries with financial services and residential real estate being particularly hard hit. The effects of the downturn have been particularly acute during the last 90-180 days of 2008. Corus, with a portfolio consisting primarily of condominium construction loans, many in the hard hit areas of Arizona, Nevada, south Florida and southern California, ***has seen a rapid and precipitous decline in the value of the collateral securing our loan portfolio***.
>
> * * *
>
> ***Based on recent discussions with the Bank's regulators***, management believes it is likely that the Bank will be held to higher capital standards in the near future and, as such, ***may no longer be considered well-capitalized*** and may be required to identify additional sources of capital.
>
> * * *
>
> In an attempt to address the issues many banks are facing, the U.S. Treasury Department has made funds available to certain banks under its Troubled Asset

> Relief Program Capital Purchase Program (the "Program"). As previously disclosed, the Company submitted its application for funds under the Program on November 14, 2008. ***The Company has received a preliminary response from the Treasury Department indicating that they intend to reject our application***, but the final action has not been taken and Corus continues to pursue the TARP application and other capital raising options.

85. The market reacted very negatively to defendants' belated disclosures. Indeed, as a result of these disclosures, analyst America's Watchdog reported on February 2, 2009 that "***[t]he company is in dire straits***," and "***appears unlikely to survive 2009***." The market price of Corus common stock dropped nearly 47% to close at $0.59 per share on February 2, 2009, on heavy trading volume in excess of two million shares.

86. On February 18, 2009, Corus issued a press release expanding on its discussions with regulators and announcing that it had entered into consent agreements with the Federal Reserve Bank of Chicago and the Office of the Comptroller of the Currency. The press release stated, in part:

> Corus Bankshares, Inc. today announced that, in coordination with, and at the request of, both the Federal Reserve Bank of Chicago (the "FRB") and the Office of the Comptroller of the Currency (the "OCC"), the Company and its subsidiary bank, Corus Bank, N.A. (the "Bank"), respectively, have entered into a Written Agreement (the "Agreement") with the FRB and a Consent Order (the "Order") with the OCC.
>
> The Agreement and the Order (collectively, the "Regulatory Agreements") contain a list of strict requirements ranging from a capital directive, which requires Corus and the Bank to achieve and maintain minimum regulatory capital levels (in the Bank's case, in excess of the statutory minimums to be classified as well-capitalized) to developing a liquidity risk management and contingency funding plan, in connection with which the Bank will be subject to limitations on the maximum interest rates the Bank can pay on deposit accounts. The Regulatory Agreements also include several requirements related to loan administration as well as procedures for managing the Bank's growing portfolio of foreclosed real estate assets. Corus is also restricted from paying any dividends or making any capital distributions, including distributions related to its trust preferred debt without advance regulatory approval. The Bank has agreed to form a board compliance committee, which will be charged with monitoring and coordinating its adherence to the provisions of the Regulatory Agreements. Corus and the Bank will be required to provide regular progress reports to both the board of directors and the regulators.

> "***The Regulatory Agreements are the result of ongoing discussions between the OCC, the FRB and Corus' senior management over the last few months to address the negative impact that current market conditions are having on Corus and how best to resolve them***. We believe the remedial measures agreed upon with the regulators are necessary to address asset quality deterioration and overall risk management," said Robert J. Glickman, President and Chief Executive Officer.
>
> "I want to emphasize to our customers that all of our deposit accounts are insured by the Federal Deposit Insurance Corporation to the maximum amount permitted by law. Furthermore, the board of directors is actively exploring Corus' strategic alternatives, including a merger or capital infusion."
>
> While the Company intends to take such actions as may be necessary to enable Corus and the Bank to comply with the requirements of the Regulatory Agreements, there can be no assurance that Corus or the Bank will be able to comply fully with the provisions of the Regulatory Agreements, or that compliance with the Regulatory Agreements, particularly the limitations on interest rates offered by the Bank, will not have material and adverse effects on the operations and financial condition of the Company and the Bank. Any material failure to comply with the provisions of the Regulatory Agreements could result in further enforcement actions by both the FRB and the OCC.

87. The market for Corus common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Corus securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Corus common stock relying upon the integrity of the market price of Corus common stock and market information relating to Corus, and have been damaged thereby.

88. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Corus common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company and its business and operations, as alleged herein.

89. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Corus' business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Corus and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

ADDITIONAL SCIENTER ALLEGATIONS

90. As alleged herein, defendants acted with scienter in that they knew or recklessly disregarded that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Corus, their control over, and/or receipt and/or modification of Corus' allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Corus, participated in the fraudulent scheme alleged herein.

91. Defendants knew throughout the Class Period, that Corus' loan portfolio was rapidly deteriorating and that numerous loans, even if technically still performing, were fast approaching

failure and/or potential foreclosure. Indeed, Corus specifically created numerous undisclosed SPEs and affiliated entities for the purpose of handling these numerous distressed loans in the event of default. Moreover, defendant Glickman was, by his own admission, "***deeply involved in every major aspect of the lending process*** . . . includ[ing] structuring and pricing the loans, visiting the sites and inspecting comparable properties, meeting directly with the borrowers, underwriting and approving the loans, consulting on documentation issues, and making various decisions in the course of servicing the loans."

92. Defendants also knew that they were not properly evaluating collateral values and recording adequate and timely loan loss reserves during the Class Period and, as a result, Corus' publicly issued financial statements and related earnings releases were materially misstated in violation of GAAP. Defendants' accounting for these items is governed by specific GAAP provisions and SEC rules. There is a plethora of guidance on the subject, and defendants were well informed of how to account for Corus' ALL and provision for credit losses during the Class Period. Indeed, these accounting items were the most important estimates Corus made in its financial statements.

93. Additionally, despite their statements to the contrary, defendants knew that Corus was unable to maintain the level of profitable loan originations necessary to "weather the storm." Defendants' intentional manipulation of the Company's commission program to reward loan officers for risky, low-quality loans in order to pump up loan originations confirms this knowledge. Moreover, by their own admission, defendants knew that Corus' capital position was not strong enough to absorb its systemic losses. Indeed, defendant Glickman later admitted that he and other Corus senior management were involved in "ongoing discussions" with regulators during the Class Period to address Corus' capital problems.

94. Furthermore, defendants' involvement in condo purchases to artificially inflate the value of Corus' collateral and falsely stimulate the condo market establishes their knowledge that condo sales were well-below expectations and that the value of Corus' collateral was rapidly declining. Likewise, defendants' active involvement in the scheme itself establishes knowledge of such fraudulent practices.

LOSS CAUSATION/ECONOMIC LOSS

95. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct which artificially inflated the prices of Corus common stock and operated as a fraud or deceit on Class Period purchasers of Corus common stock by failing to disclose the material adverse facts detailed herein. When defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the price of Corus common stock fell precipitously as the prior artificial inflation came out. As a result of their purchases of Corus common stock during the Class Period, plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws.

96. By failing to disclose the material facts detailed herein and misrepresenting Corus' financial position, defendants presented a misleading picture of the Company's business and prospects. Thus, instead of truthfully disclosing during the Class Period that Corus' business was not as healthy as represented, defendants falsely concealed the extent of Corus' exposure to the falling real estate market. Defendants hid the fact that Corus' entire business was threatened by its investments in the faltering condo market and its failure to properly account for its loan losses and loan loss reserves.

97. Defendants' claims of profitability and confidence in the market caused and maintained the artificial inflation in Corus' stock price throughout the Class Period and until the truth about its true financial condition was revealed to the market. Defendants' false and misleading

statements had their intended effect and caused Corus common stock to trade at artificially inflated levels throughout the Class Period.

98. As a direct result of these disclosures, the price of Corus common stock fell precipitously. These disclosures removed the inflation from the price of Corus common stock, causing real economic loss to investors who had purchased Corus common stock during the Class Period.

99. The precipitous decline in the price of Corus common stock after these disclosures was a direct result of the nature and extent of defendants' fraud finally being revealed to investors and the market. The timing and magnitude of the price decline in Corus common stock negates any inference that the loss suffered by plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to the defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by plaintiff and the Class was a direct result of defendants' fraudulent scheme to artificially inflate the prices of Corus common stock and the subsequent significant decline in the value of Corus common stock when defendants' prior misrepresentations and other fraudulent conduct were revealed.

APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD-ON-THE-MARKET DOCTRINE

100. At all relevant times, the market for Corus common stock was an efficient market for the following reasons, among others:

(a) Corus common stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) as a regulated issuer, Corus filed periodic public reports with the SEC and the NASDAQ;

(c) Corus regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national

circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Corus was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

101. As a result of the foregoing, the market for Corus common stock promptly digested current information regarding Corus from all publicly available sources and reflected such information in the prices of the stock. Under these circumstances, all purchasers of Corus common stock during the Class Period suffered similar injury through their purchase of Corus common stock at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

102. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements were made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Corus who knew that those statements were false when made.

CLASS ACTION ALLEGATIONS

103. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3) on behalf of a class (the "Class") consisting of all persons who purchased or otherwise acquired the common stock of Corus between January 25, 2008 and January 30, 2009. Excluded from the Class are defendants, the officers and directors of the Company, members of their immediate families and their legal representatives, heirs, successors, and assigns, and any entity in which defendants have or had a controlling interest.

104. The members of the Class are so numerous and geographically disperse across the country so that joinder of all members is impracticable. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, there are over 37 million shares of Corus common stock outstanding, and plaintiff believes that there are hundreds, if not thousands, of Class members. Members of the Class may be identified from records maintained by Corus or its transfer agent and may be notified of the pendency of this action by mail. Plaintiff's claims are typical of the claims of the other members of the Class in that all members of the Class have been damaged by the acts of defendants, which caused members of the Class to purchase Corus common stock at artificially inflated prices.

105. Plaintiff will fairly and adequately protect the interests of the other members of the Class. To assist him in that endeavor, plaintiff has retained counsel competent and experienced in class and securities litigation. Plaintiff is not aware of any interest which is antagonistic to the interests of the Class.

106. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the Exchange Act was violated by defendants' acts, as alleged herein;

(b) whether any materially false or misleading statements were made and/or defendants omitted material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

107. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, because the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to pursue individual redress for the damages caused to them by defendants' acts. Plaintiff is not aware of any difficulty that will be presented in managing this action as a class action.

COUNT I

For Violation of §10(b) of the Exchange Act and Rule 10b-5
Against All Defendants

108. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

109. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

110. Defendants violated §10(b) of the Exchange Act and Rule 10b-5 in that they:

(a) Employed devices, schemes, and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Corus common stock during the Class Period.

111. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Corus common stock. Plaintiff and the Class would not have purchased Corus common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

112. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Corus common stock during the Class Period.

COUNT II

For Violation of §20(a) of the Exchange Act
Against Defendants Glickman and Taylor

113. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

114. Defendant Glickman acted as a controlling person of Corus within the meaning of §20(a) of the Exchange Act. By reason of his position as CEO of Corus, he had the power and authority to cause Corus to engage in the wrongful conduct complained of herein. By reason of such conduct, Glickman is liable pursuant to §20(a) of the Exchange Act.

115. Defendant Taylor acted as a controlling person of Corus within the meaning of §20(a) of the Exchange Act. By reason of his position as CFO of Corus, he had the power and authority to cause Corus to engage in the wrongful conduct complained of herein. By reason of such conduct, Taylor is liable pursuant to §20(a) of the Exchange Act.

JURY TRIAL DEMANDED

Plaintiff demands a trial by jury.

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure, and certifying plaintiff's counsel as class counsel;

B. Awarding compensatory damages in favor of plaintiff and the Class against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, including prejudgment and post-judgment interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Such other and further relief as the Court may deem just and proper.

DATED: August 3, 2009

s/ John J. Rice
JOHN J. RICE

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP

655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 619/231-1058
619/231-7423 (fax)

Lead Counsel for Plaintiffs

MARVIN A. MILLER
LORI A. FANNING
MILLER LAW LLC
115 S. LaSalle Street, Suite 2910
Chicago, IL 60603
Telephone: 312/332-3400
312/676-2676 (fax)

Liaison Counsel

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CERTIFICATE OF SERVICE

I hereby certify that on August 3, 2009, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on August 3, 2009.

s/ John J. Rice
JOHN J. RICE

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101-3301
Telephone: 619/231-1058
619/231-7423 (fax)

E-mail: jrice@csgrr.com

Mailing Information for a Case 1:09-cv-01538

Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

- **Lori Ann Fanning**
  LFanning@MillerLawLLC.com,MMiller@MillerLawLLC.com,JRamirez@millerlawllc.com
- **Michael Jon Gill**
  courtnotification@mayerbrown.com
- **Sarah R. Holloway**
  sholloway@csgrr.com
- **Marvin Alan Miller**
  Mmiller@millerlawllc.com,LFanning@millerlawllc.com,KPulido@millerlawllc.com,JRamirez@millerlawllc.com
- **Danielle Suzanne Myers**
  dmyers@csgrr.com
- **Michele Louise Odorizzi**
  courtnotification@mayerbrown.com
- **David D Pope**
  courtnotification@mayerbrown.com
- **John J. Rice**
  jrice@csgrr.com,tholindrake@csgrr.com,hectorm@csgrr.com,e_file_sd@csgrr.com
- **John Joseph Tharp , Jr**
  courtnotification@mayerbrown.com

Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

Pia Fields
,

EXHIBIT A

CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS

TODD L. JOHNSON ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.

2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.

4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

Security	Transaction	Date	Price Per Share

See attached Schedule A.

5. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below during the three years prior to the date of this Certification:

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery,

except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 23 day of April, 2009.

TODD L. JOHNSON

CORUS

SCHEDULE A

SECURITIES TRANSACTIONS

Acquisitions

Date Acquired	Type/Amount of Securities Acquired	Price
02/04/2008	1,400	$12.65
02/05/2008	8,820	$12.21
02/05/2008	11,400	$11.08
03/06/2008	1,370	$9.41
03/06/2008	3,630	$9.46
03/06/2008	5,000	$9.41
03/06/2008	5,000	$9.42
03/06/2008	11,400	$9.47
04/14/2008	8,110	$8.99
04/14/2008	10,000	$8.96
04/14/2008	10,000	$8.94
04/30/2008	3,300	$7.48
04/30/2008	10,000	$7.48
04/30/2008	10,000	$7.48
04/30/2008	10,000	$7.48
05/22/2008	905	$5.38
05/22/2008	10,000	$5.40
05/23/2008	5,000	$5.41
05/23/2008	6,950	$5.41

CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS

TODD L. JOHNSON, IRA ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.

2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.

4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

Security	Transaction	Date	Price Per Share

See attached Schedule A.

5. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below during the three years prior to the date of this Certification:

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery,

except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 23 day of April, 2009.

TODD L. JOHNSON, IRA

CORUS

SCHEDULE A

SECURITIES TRANSACTIONS

Acquisitions

Date Acquired	Type/Amount of Securities Acquired	Price
02/04/2008	265	$13.28
04/30/2008	150	$7.71
09/22/2008	300	$7.31

CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS

REUBEN JOHNSON & SON, INC. ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.

2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.

4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action:

Security	Transaction	Date	Price Per Share

See attached Schedule A.

5. Plaintiff has not sought to serve or served as a representative party for a class in an action filed under the federal securities laws except as detailed below during the three years prior to the date of this Certification:

6. The Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery,

except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 23 day of April, 2009.

REUBEN JOHNSON & SON, INC.

By: _____
Todd L. Johnson, Chairman & CEO

CORUS

SCHEDULE A

SECURITIES TRANSACTIONS

Acquisitions

Date Acquired	Type/Amount of Securities Acquired	Price
03/10/2008	15,410	$9.67
04/02/2008	2,500	$10.13
04/14/2008	7,000	$8.91
04/14/2008	7,200	$8.89
04/22/2008	2,200	$9.22
04/30/2008	5,000	$7.51
04/30/2008	5,620	$7.51
05/22/2008	3,925	$5.40
05/22/2008	3,953	$5.40
05/22/2008	4,992	$5.40
05/22/2008	5,000	$5.41
05/22/2008	5,000	$5.42
10/13/2008	310	$3.22

Sales

Date Sold	Type/Amount of Securities Sold	Price
02/01/2008	1,200	$12.95
02/01/2008	2,898	$12.90
02/01/2008	3,742	$12.95
02/01/2008	9,300	$12.90
02/01/2008	11,300	$13.00

*Opening position of 60,740 shares.