

## Banks Facing New Wave of Mortgage Lawsuits

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Banks are facing a wave of lawsuits from investors claiming financial institutions knowingly packaged shoddy mortgages into securities and sold them as instruments branded as healthier than they really were, according to The New York Times.

Regulators, prosecutors, investors and insurers have slapped claims against Bank of America, JPMorgan Chase, Wells Fargo, Citigroup and others, regarding more than \$1 trillion worth of securities backed by residential mortgages, the newspaper reported.

Legal action could mean the banks could face \$300 billion in costs and liabilities according to worst-case scenarios.

"We are at an all-time high for this mortgage litigation," Christopher Willis, a lawyer with Ballard Spahr, which handles securities and consumer litigation, told The Times.

Banks have faced legal battles stemming from the real estate implosion in the past, and new lawsuits coming hand in hand with probes the world's majored banks rigged the London Interbank Offered Rate (Libor) to keep the rate artificially low to profit on trades and water down borrowing costs during the financial crisis could seriously sting the financial services industry.

"All of Wall Street has essentially refused to deal with the real costs of the litigation that they are up against," said Christopher Whalen, a senior managing director at Tangent Capital Partners, The Times added.

"The real price tag is terrifying."

Legal experts have said clients are expected to file suit against banks on grounds that manipulating the Libor rate dampened interest on their investments, with suits climbing as high into the tens of billions of dollars, a Wall Street Journal review of state and federal court filings found recently.

Allegations come from parties of all sizes, including bigger firms like brokerage Charles Schwab to smaller outfits such as hedge funds and even individual investors.

Barclays settled with U.S. and U.K. regulators in June for over \$450 million for its role in the scandal, which triggered new lawsuits.

Other banks probed include Bank of America, Citigroup and JPMorgan Chase, The Journal added.

"This is just the beginning," said Michael Hausfeld, a lawyer at law firm Hausfeld in Washington, D.C., who is representing plaintiffs in several cases, according to The Journal.

"Scores of interested potential clients" have called.