



January 27, 2012

ATTORNEY GENERAL MADIGAN JOINS NATIONAL MORTGAGE-BACKED SECURITIES WORKING GROUP***Continues to Crackdown on Fraudulent Practices That Led to Financial Crisis***

WASHINGTON — Illinois Attorney General Lisa Madigan today joined U.S. Attorney General Eric Holder, Housing and Urban Development Secretary Shaun Donovan, Securities and Exchange Commission Director of Enforcement Robert Khuzami and New York Attorney General Eric T. Schneiderman to announce the formation of the Residential Mortgage-Backed Securities Working Group under President Obama's Financial Fraud Enforcement Task Force.

"We are working on all fronts to hold accountable the many actors whose misconduct directly contributed to the financial crisis," Attorney General Madigan said. "My office has cracked down on the nation's largest lenders for defrauding homeowners and discriminating against minority borrowers. We've filed more lawsuits than any state against so-called mortgage 'rescue' consultants, and just this week, we filed suit against Standard & Poor's for fraudulently claiming its independence and objectivity while giving out superior ratings to risky mortgage-backed security investments. I will continue to lead this fight as we collectively work to ensure that a disaster of this magnitude never happens again."

The Working Group brings together the Department of Justice (DOJ), state attorneys general and federal enforcement agencies to investigate misconduct in the residential mortgage-backed securities market, a major contributor to the financial crisis.

Throughout the home foreclosure crisis, Attorney General Madigan has fought to hold lenders accountable for their unlawful financial misconduct, and to provide relief and assistance to Illinois families struggling to save their homes. Attorney General Madigan has been a national leader in taking legal action against wrongdoers. Most recently, Madigan filed a lawsuit against credit ratings agency Standard & Poor's, alleging that the company compromised its independence as a ratings agency by doling out high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.

In December 2011, Madigan and DOJ reached a \$335 million settlement over allegations that Countrywide, once the nation's largest mortgage lender, discriminated against thousands of African American and Latino borrowers during the height of the subprime mortgage lending spree. The settlement will provide restitution to harmed Illinois borrowers and is the largest settlement of a fair lending lawsuit ever obtained by a state attorney general.

In July 2009, Attorney General Madigan filed a similar fair lending lawsuit against Wells Fargo for illegally targeting African American and Latino borrowers for sales of the lender's poorest quality and most expensive mortgages. With this action, Attorney General Madigan became the first attorney general in the nation to sue a national bank for its role in causing the foreclosure crisis. The Attorney General's office continues to aggressively fight this case in court.

Madigan also reached an earlier landmark \$8.7 billion national settlement in 2008 against Countrywide for deceptively placing thousands of Illinois homeowners into ultra-risky and unaffordable subprime mortgages. The settlement with Countrywide's new owner, Bank of America, established the nation's first mandatory loan modification program.

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